

12-2297pr

To be argued by:
D. B. KARRON

United States Court of Appeals
FOR THE SECOND CIRCUIT
Docket No. 12-2297



DANIEL B. KARRON,

Petitioner - Appellant,

—v.—

UNITED STATES OF AMERICA,

Respondent - Appellee.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

APPENDIX Volume 3 FOR THE PETITIONER - APPELLANT

D. B. KARRON
pro se
348 East Fulton Street
Long Beach, New York 11561
(516) 515- 1474
drdbkarron@gmail.com

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extended as part of each annual review. The level of detail will depend on the nature of each project, and the concurrence of the principal investigator and the ATP Project Manager. A time line chart of the current year and the overall project milestones may be included in this section with clear identification of major decision points. Once established, this list of milestones with appropriate due dates should not be changed unless technical results or new opportunities dictate. Such changes should be addressed in the section entitled "Summary of Project Changes."

TECHNICAL PROGRESS AND IMPACT

This is the heart of the quarterly R&D performance report, and will occupy the majority of the text. This section includes a discussion of technical progress for the specific performance quarter against the current performance year milestones identified in the preceding section. Sufficient discussion should be provided to allow an accurate assessment of progress, and identification of both successes and technical difficulties against the milestones. Discussion of progress (and technical setbacks) should include implications for the overall objectives of the project. At the end of this section please identify the most significant technical advance to date in the project, and include a short discussion of its significance. Please list any patent applications as well as major equipment purchases.

SUMMARY OF PROJECT CHANGES

In this section, succinctly summarize substantive changes in project planning, personnel, or execution that have occurred over the reporting quarter. These should be derived from the main elements of the report as this section is intended only as a summary. If approval of a change is being requested please note that specifically. All substantive changes to the technical scope of work or budget changes must be discussed in advance with the ATP Project Manager, who must recommend an amendment to the award by the NIST Grants Officer. The criteria for obtaining 'Prior Approval' are specified in **15 CFR Part 14 and the ATP General Terms and Conditions in the award document.** Major changes can be discussed with the ATP Project Manager at ANY time; you do not have to wait to request them in a quarterly report.

PROBLEMS AND OPPORTUNITIES

This section should provide a synopsis of technical problems that must be resolved as well as developing technical and business opportunities. Please also make us aware of areas that may benefit from consultation with specialists at NIST. This information may be integrated into the above sections.

BUSINESS ISSUES

This section is for any business development, commercialization, or market issues that have arisen since your last Business Report.

UPCOMING MEETINGS

If you wish to set up a meeting at NIST, or to request the attendance of either or both of the ATP Technical or Business Project Managers at any meeting, you may use this section to make the request and to provide an overview of the meeting. It is often helpful to present a proposed project coordination meeting schedule for the year in this section, to note when subcontractors' progress will be reviewed, when input from commercialization units may occur, etc. The meeting calendar may include formal or informal meetings of the project principals or formal technical meetings where work, which is related to the project, is addressed. It should include a planned general time frame and expected location for the annual project review, which is to be scheduled during the last quarter of the project year (not the calendar year).

FINAL TECHNICAL REPORT FOR THE TOTAL PROJECT PERIOD

Provides an executive summary that could be read and understood by someone not skilled in the particular technology. The final technical report is proprietary, just like past technical quarterly reports and the original proposal.

The summary should provide an *overview of the technology* that was developed and the problems that were solved and unsolved in its development.

The summary should *identify the key performance parameters* and describe how end-of-project performance compared with beginning-of-project performance.

The summary should also discuss the *significance of the project accomplishments* in terms of potential economic or commercial impact.

Important *remaining technical and non-technical barriers* to commercialization should be identified.

A separate non-proprietary project overview of R&D accomplishments and potential benefits that may be used in a project closeout ATP press release should be clearly identified as part of the final technical report. The final ATP press or other publication use will be reviewed with the company prior to release.

ATP QUARTERLY R&D PERFORMANCE REPORT
Date of Summary: mm/dd/yy

Project Title:

Cooperative Agreement Number:

Performing Organization(s):
Address(es)

Subcontractor(s):
Address(es)

Project Manager:	Administrative Contact:
Title:	Title:
Telephone Number:	Telephone Number:
Facsimile Number:	Facsimile Number:
Electronic Mail Address:	Electronic Mail Address:

Type of Project: Single Business Joint Venture

Date Initiated mm/yy Duration months
Total ATP Funding Requested: (\$M) Total Industry Funding Committed: (\$M)

Current Performance Year mm/yy-mm/yy Quarterly Report Period mm/yy-mm/yy

ATP Project Manager:

Project Objectives:

Project Baseline:

Technical Milestones:

Technical Progress and Impact: (including Most Significant Technical Advance to Date)

Summary of Project Changes:

Problems and Opportunities:

Business Issues: (not covered on business diskette)

Upcoming Meetings:

KA-603

KA-603

KA-603

ATTACHMENT B
August 2001

**GUIDELINES FOR REPORTING ON BUSINESS PROGRESS AND
ECONOMIC IMPACTS**

The following reports should be prepared by the persons with primary responsibility for developing and executing business strategies leading to commercialization of the technologies resulting from the ATP-funded project. A questionnaire format is used to facilitate efficient reporting and analysis. Because members of a joint venture have different business goals and different roles in commercialization and diffusion of the ATP-funded technology, each member of a joint venture, as well as each single applicant, has a business reporting responsibility and must file a separate report.

The Economic Assessment Office, ATP, will provide materials customized for the individual reporting organizations in time for preparation of the reports on a timely basis.

Baseline Report

- When Due:** Thirty days after the end of the first calendar quarter of ATP funding. If you begin your project during a calendar quarter, the Baseline Report is due thirty days after the end of that quarter.
- Contents:** In this report we ask you to identify potential areas of application of the technology (e.g., consumer electronics, avionics, medical devices), key attributes of the technology needed to achieve these goals (e.g., quantitative cost, size, performance characteristics) and planned strategies for commercialization (e.g., in-house production, licensing, strategic alliances, etc.); to identify strategies for protecting intellectual property; and to identify plans for dissemination of non-proprietary information.
- Format:** Electronic questionnaire submitted over ATP's secured website.

Quarterly Short-Form Reports

- When Due:** Thirty days after the end of the second, third, and fourth quarters annually. No Short-Form Report is due for the Baseline or Anniversary quarters.
- Contents:** In this brief report we ask you to review the organization address/telephone/contact information currently recorded in the ATP database and to report significant business developments related to the ATP project for the quarter.
- Format:** Hard copy, fax, or e-mail

ATTACHMENT B (continued)
August 2001

**GUIDELINES FOR REPORTING ON BUSINESS PROGRESS AND
ECONOMIC IMPACTS**

Anniversary Report

- When Due:** One year after the Baseline Report and subsequently on an annual basis over the duration of the ATP project.
- Contents:** In this report, we ask you to update information provided in the Baseline or prior Anniversary Reports. The Anniversary Report expands upon the Baseline Report to cover progress towards implementing commercialization strategies (e.g., an agreement with company X--an end user--for testing laboratory prototypes); early economic impacts of the ATP project; collaboration experiences; attraction of new funding; new intellectual property created; dissemination of information through conferences, publications, and other mechanisms; and a summary of company financial data.
- Format:** Electronic questionnaire submitted over ATP's secured website.

Close-out Report

- When Due:** Ninety days after end of ATP project performance period.
- Contents:** In this part we ask you to review and update information presented in prior anniversary reports in light of your technical accomplishments. In addition, we ask you to identify anticipated remaining technical and business barriers to commercialization of the technology, to define your specific business goals related to the ATP funded technology for the five-year period following the end of ATP funding, and to consider future effects of the ATP project outside your organization.
- Format:** Electronic questionnaire submitted over ATP's secured website.

Post-Project Reports

- When Due:** Report three times--once every two years following the end of ATP funding.
- Contents:** In this report we ask you to report your actual progress in commercializing the technology, and the related impacts inside and outside your organization.
- Format:** Not yet determined (telephone survey OR electronic questionnaire submitted over ATP's secured website).

G X 3 D o C F i n a n c i a l
C o n d i t i o n s

Contracts in
Government
Exhibits

GX3

DEPARTMENT OF COMMERCE

FINANCIAL ASSISTANCE

STANDARD TERMS AND CONDITIONS



OCTOBER 1998

**GOVERNMENT
EXHIBIT**

3

07 Cr 541 (RPP) (ID)

DEPARTMENT OF COMMERCE
FINANCIAL ASSISTANCE STANDARD TERMS AND CONDITIONS

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A. FINANCIAL REQUIREMENTS**.01 Financial Reports**

a. The Recipient shall submit a "Financial Status Report" (SF-269) on a semi-annual basis for the periods ending March 31 and September 30, or any portion thereof, unless otherwise specified in a special award condition. Reports are due no later than 30 days following the end of each reporting period. A final SF-269 shall be submitted within 90 days after the expiration date of the award.

b. The Recipient shall submit a "Federal Cash Transactions Report" (SF-272) for each award where funds are advanced to Recipients. The SF-272 should be submitted on a quarterly basis for periods ending March 31, June 30, September 30, and December 31. The SF-272 is due 15 working days following the end of each reporting period unless otherwise specified in a special award condition.

c. All financial reports shall be submitted in triplicate (one original and two copies) to the Grants Officer.

.02 Award Payments

a. The advance method of payment shall be authorized unless otherwise specified in a special award condition. Payments will be made through electronic funds transfers in accordance with the requirements of the Debt Collection Improvement Act of 1996.

b. When the "Request for Advance or Reimbursement" (SF-270) is used to request payment, the Recipient shall submit the request no more frequently than monthly to request payment. The SF-270 shall be submitted in triplicate (an original and two copies) to the Grants Officer. When the SF-270 is used, the Recipient must complete the SF-3881, "ACH Vendor Miscellaneous Payment Enrollment Form," and return it to the Grants Officer. The award number must be included on all payment-related information and forms.

c. Payments will be made via electronic funds transfer which transfers funds directly to a Recipient's bank account.

d. Advances shall be limited to the minimum amounts necessary to meet immediate disbursement needs. Advanced funds not disbursed in a timely manner must be promptly returned to the Department of Commerce (DoC). Advances shall be approved for periods not to exceed 30 days. The Grants Officer determines the

appropriate method of payment. If a Recipient demonstrates an unwillingness or inability to establish procedures which will minimize the time elapsing between the transfer of funds and disbursement or if the Recipient otherwise fails to continue to qualify for the advance method of payment, the Grants Officer may change the method of payment to reimbursement only.

.03 Federal and Non-Federal Sharing

a. Awards which include Federal and non-Federal sharing incorporate an estimated budget consisting of shared allowable costs. If actual allowable costs are less than the total approved estimated budget, the Federal and non-Federal cost share ratio shall be calculated as a percentage of Federal and non-Federal approved amounts. If actual allowable costs are greater than the total approved estimated budget, the Federal share shall not exceed the total Federal dollar amount as reflected in the Financial Assistance Award (CD-450) and Amendment to Financial Assistance Award (CD-451).

b. The non-Federal share, whether in cash or in in-kind, is expected to be paid out at the same general rate as the Federal share. Exceptions to this requirement may be granted by the Grants Officer based on sufficient documentation demonstrating previously determined plans for or later commitment of cash or in-kind contributions. However, the Recipient must meet its cost share commitment over the life of the award.

.04 Budget Changes and Transfer of Funds Among Categories

a. Requests for budget changes to the approved estimated budget in accordance with the provision noted below must be submitted to the Federal Program Officer who shall review them and make a recommendation to the Grants Officer. The Grants Officer shall make the final determination on such requests and notify the Recipient in writing.

b. Unless the Recipient is subject to 15 CFR Part 24 and the Federal share of the budget is \$100,000 or less, cumulative transfers of funds of an amount above 10 percent of the total award must be approved by the Grants Officer in writing. **This allows the Recipient to transfer funds among approved direct cost categories when the cumulative amount of such transfers does not exceed 10 percent of the current (last approved) total budget.** The same criteria applies to the cumulative amount of transfer of funds among projects, functions, joint ventures, consortia, activities, and annual costs when budgeted separately within an award, except transfers will not be permitted if such transfers would cause any Federal appropriation, or part thereof, to be used for purposes other than those intended. This transfer authority does not authorize the Recipient to create new budget categories within an approved budget unless the Grants Officer has provided prior approval.

c. The Recipient is not authorized at any time to transfer amounts budgeted for direct costs to the indirect costs line item or vice versa, without written prior approval of the Grants Officer.

.05 Indirect Costs

a. Indirect costs will not be allowable charges against the award unless specifically included as a line item in the approved budget incorporated into the award.

b. Excess indirect costs may not be used to offset unallowable direct costs.

c. If the Recipient has not previously established an indirect cost rate with a Federal agency, the negotiation and approval of a rate is subject to the procedures in the applicable cost principles and the following subparagraphs:

1. The Office of Inspector General (OIG) is authorized to negotiate indirect cost rates on behalf of the DoC for those organizations for which the DoC is cognizant or has oversight. The OIG will negotiate only fixed rates. The Recipient shall submit to the OIG within 90 days of the award start date, documentation (indirect cost proposal, cost allocation plan, etc.) necessary to establish such rates. The Recipient shall provide the Grants Officer with a copy of the transmittal letter to the OIG.

2. When an oversight or cognizant Federal agency other than the DoC has responsibility for establishing an indirect cost rate, the Recipient shall submit to that oversight or cognizant Federal agency within 90 days of the award start date the documentation (indirect cost proposal, cost allocation plan, etc.) necessary to establish such rates. The Recipient shall provide both the Grants Officer and the DoC OIG with a copy of the transmittal letter to the cognizant Federal agency.

3. If the Recipient fails to submit the required documentation to the OIG or other oversight or cognizant Federal agency within 90 days of the award start date, the Grants Officer shall amend the award to preclude the recovery of any indirect costs under the award. If the DoC OIG, oversight, or cognizant Federal agency determines there is a finding of good and sufficient cause to excuse the Recipient's delay in submitting the documentation, an extension of the 90-day due date may be approved by the Grants Officer.

4. Regardless of any approved indirect cost rate applicable to the award, the maximum dollar amount of allocable indirect costs for which the DoC will reimburse the Recipient shall be the lesser of:

(a) The Federal share of the total allocable indirect costs of the award based on the negotiated rate with the cognizant Federal agency as established by audit or negotiation; or

(b) The line item amount for the Federal share of indirect costs contained in the approved budget of the award.

.06 Incurring Costs or Obligating Federal Funds Beyond the Expiration Date

a. The Recipient shall not incur costs or obligate funds for any purpose pertaining to the operation of the project, program, or activities beyond the expiration date stipulated in the award. The only costs which are authorized for a period of up to 90 days following the award expiration date are those strictly associated with closeout activities. Closeout activities are limited to the preparation of final progress, financial, and required project audit reports.

b. Unless otherwise authorized in 15 CFR Part 14.25(e)(4) or a special award condition, any extension of the award period can only be authorized by the Grants Officer in writing. Verbal or written assurances of funding from other than the Grants Officer shall not constitute authority to obligate funds for programmatic activities beyond the expiration date.

c. The DoC has no obligation to provide any additional prospective funding. Any renewal of the award to increase funding and to extend the period of performance is at the sole discretion of the DoC.

.07 Tax Refunds

Refunds of FICA/FUTA taxes received by the Recipient during or after the award period must be refunded or credited to the DoC where the benefits were financed with Federal funds under the award. The Recipient agrees to contact the Grants Officer immediately upon receipt of these refunds. The Recipient further agrees to refund portions of FICA/FUTA taxes determined to belong to the Federal Government, including refunds received after the expiration of the award.

.01 Performance (Technical) Reports

a. The Recipient shall submit performance (technical) reports in triplicate (one original and two copies) to the Federal Program Officer in the same frequency as the Financial Status Report (SF-269).

b. Unless otherwise specified in the award provisions, performance (technical) reports shall contain brief information as prescribed in the applicable uniform administrative requirements incorporated into the award.

.02 Unsatisfactory Performance

Failure to perform the work in accordance with the terms of the award and maintain at least a satisfactory performance rating may result in designation of the Recipient as high risk and assignment of special award conditions or other further action as specified in the standard term and condition entitled "Non-Compliance With Award Provisions."

.03 Programmatic Changes

a. The Recipient shall not make any programmatic changes to the award without prior written approval by the Grants Officer.

b. Any requests by the Recipient for programmatic changes must be submitted to the Federal Program Officer who shall review and make recommendations to the Grants Officer. The Grants Officer shall make the final determination and notify the Recipient in writing.

.04 Other Federal Awards with Similar Programmatic Activities

The Recipient shall immediately provide written notification to the Federal Program Officer and the Grants Officer in the event that, subsequent to receipt of the DoC award, other financial assistance is received to support or fund any portion of the scope of work incorporated into the DoC award. DoC will not pay for costs that are funded by other sources.

C. NON-DISCRIMINATION REQUIREMENTS

No person in the United States shall, on the ground of race, color, national origin, handicap, religion, or sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance. The Recipient agrees to comply with the non-discrimination requirements below:

- a. Title VI of the Civil Rights Act of 1964 (42 USC §§ 2000d et seq.) and DoC implementing regulations published at 15 CFR Part 8 which prohibit discrimination on the grounds of race, color, or national origin under programs or activities receiving Federal financial assistance;
- b. Title IX of the Education Amendments of 1972 (20 USC §§ 1681 et seq.) prohibiting discrimination on the basis of sex under Federally assisted education programs or activities;
- c. Section 504 of the Rehabilitation Act of 1973, as amended (29 USC § 794) and DoC implementing regulations published at 15 CFR Part 8b prohibiting discrimination on the basis of handicap under any program or activity receiving or benefitting from Federal assistance;
- d. The Age Discrimination Act of 1975, as amended (42 USC §§ 6101 et seq.) and DoC implementing regulations published at 15 CFR Part 20 prohibiting discrimination on the basis of age in programs or activities receiving Federal financial assistance;
- e. The Americans with Disabilities Act of 1990 (42 USC §§ 12101 et seq.) prohibiting discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto, as well as public or private entities that provide public transportation;
- f. Any other non-discrimination provisions of statutory law.

.02 Other Provisions

Parts II and III of Executive Order 11246 (30 F.R. 12319, 1965) as amended by Executive Orders 11375 (32 F.R. 14303, 1967) and 12086 (43 F.R. 46501, 1978) requiring Federally assisted construction contracts to include the nondiscrimination provisions of §§ 202 and 203 of that Executive Order and Department of Labor regulations implementing Executive Order 11246 (41 CFR § 60-1.4(b), 1991).

D. AUDITS

Under the Inspector General Act of 1978, as amended, 5 USC App. I, section 1 et seq., an audit of the award may be conducted at any time. The Inspector General of the DoC, or any of his or her duly authorized representatives, shall have access to any pertinent books, documents, papers and records of the Recipient, whether written, printed, recorded, produced or reproduced by any mechanical, magnetic

or other process or medium, in order to make audits, inspections, excerpts, transcripts or other examinations as authorized by law. When the OIG requires a project audit on a DoC award, the OIG will usually make the arrangements to audit the award, whether the audit is performed by OIG personnel, an independent accountant under contract with the DoC, or any other Federal, state or local audit entity.

.01 Organization-Wide, Program-Specific, and Project Audits

- a. Organization-wide or program-specific audits shall be performed in accordance with the Single Audit Act Amendments of 1996, as implemented by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Recipients that are subject to the provisions of OMB Circular A-133 and that expend \$300,000 or more in Federal awards shall have an audit performed in accordance with the requirements contained in OMB Circular A-133.
- b. In accordance with 15 CFR Part 14.26 (c) and (d), for-profit Recipients shall have a project audit performed no less than once every two years in accordance with the Generally Accepted Government Auditing Standards.
- c. The Recipient shall submit copies of project audits conducted in accordance with 15 CFR Part 14.26 (c) and (d), which are required by the award and included as a line item in the budget of the award, and program-specific audits conducted under OMB A-133 to the DoC OIG at the following address with a copy of the transmittal letter to the Grants Officer:

Office of Inspector General
U.S. Department of Commerce
Atlanta Regional Office of Audits
401 West Peachtree Street, N.W., Suite 2742
Atlanta, GA 30308

- d. Recipients expending Federal awards over \$300,000 a year and having audits conducted in accordance with OMB Circular A-133 shall submit a copy of organization-wide or program-specific audits to the Bureau of the Census, which has been designated by OMB as a central clearinghouse. The address is:

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

.02 Audit Resolution Process

- a. An audit of the award may result in the disallowance of costs incurred by the Recipient and the establishment of a debt (account receivable) due DoC. For this reason, the Recipient should take seriously its responsibility to respond to all audit findings and recommendations with adequate explanations and supporting evidence whenever audit results are disputed.
- b. A Recipient whose award is audited has the following opportunities to dispute the proposed disallowance of costs and the establishment of a debt:
 1. Unless the Inspector General determines otherwise, the Recipient has 30 days from the date of the transmittal of the draft audit report to submit written comments and documentary evidence.
 2. The Recipient has 30 days from the date of the transmittal of the final audit report to submit written comments and documentary evidence. There will be no extension of this deadline.
 3. The DoC shall review the documentary evidence submitted by the Recipient and shall notify the Recipient of the results in an Audit Resolution Determination Letter. The Recipient has 30 days from the date of receipt of the Audit Resolution Determination Letter to submit a written appeal. There will be no extension of this deadline. The appeal is the last opportunity for the Recipient to submit written comments and documentary evidence that dispute the validity of the audit resolution determination. In addition, an appeal does not preclude the Recipient's obligation to pay a debt that may be established nor does the appeal preclude the accrual of interest on a debt.
 4. The DoC shall review the Recipient's appeal and notify the Recipient of the results in an Appeal Determination Letter. After the opportunity to appeal has expired or after the appeal determination has been rendered, DoC will not accept any further documentary evidence from the Recipient. There will be no other administrative appeals available in DoC.

E. DEBTS**.01 Payment of Debts Owed the Federal Government**

Any debts determined to be owed the Federal Government shall be paid promptly by the Recipient. A debt will be considered delinquent if it is not paid within 15 days of the due date. Failure to pay a debt by the due date shall result in the imposition of late payment charges as noted below. In addition, failure to pay the debt or establish a repayment agreement by the due date will also result in the

referral of the debt for collection action and may result in DoC taking further action as specified in the standard term and condition entitled "Non-Compliance With Award Provisions." Payment of a debt must not come from other Federally sponsored programs. Verification that other Federal funds have not been used will be made during future program visits and audits.

.02 Late Payment Charges

- a. An interest charge shall be assessed on the delinquent debt (over 15 days) as established by the Debt Collection Act of 1982, as amended. The minimum annual interest rate to be assessed is the Department of the Treasury's Current Value of Funds Rate. This rate is published in the Federal Register by the Department of the Treasury. The assessed rate shall remain fixed for the duration of the indebtedness.
- b. A penalty charge shall be assessed on any portion of a debt that is delinquent for more than 90 days, although the charge will accrue and be assessed from the date the debt became delinquent.
- c. An administrative charge shall be assessed to cover processing and handling the amount due.
- d. State and local governments are not subject to penalty and administrative charges.

F. NAME CHECK

A name check review shall be performed by the OIG on key individuals associated with non-profit and for-profit organizations, unless an exemption has been authorized by the Inspector General.

.01 Results of Name Check

DoC reserves the right to take any of the actions described in section F.02 if any of the following occurs as a result of the name check review:

- a. A key individual fails to submit the required form "Identification - Applicant for Funding Assistance (CD-346);
- b. A key individual made an incorrect statement or omitted a material fact on the CD-346; or
- c. The name check reveals significant adverse findings that reflect on the business integrity or responsibility of the Recipient and/or key individual.

.02 Action(s) Taken as a Result of Name Check Review

If any situation noted in F.01 occurs, DoC, at its discretion, may take one or more of the following actions:

- a. Consider termination of the award;
- b. Require the removal of any key individual from association with the management of and/or implementation of the award; and/or
- c. Make appropriate provisions or revisions at DoC's discretion with respect to the method of payment and/or financial reporting requirements.

G. GOVERNMENTWIDE DEBARMENT AND SUSPENSION (NONPROCUREMENT)

The Recipient shall comply with the provisions of Executive Order 12549, "Debarment and Suspension" and DoC's implementing regulations published at 15 CFR Part 26, Subparts A through E, "Governmentwide Debarment and Suspension (Nonprocurement)," which generally prohibit entities that have been debarred, suspended, or voluntarily excluded from participating in Federal nonprocurement transactions either through primary or lower tier covered transactions.

H. DRUG-FREE WORKPLACE

The Recipient shall comply with the provisions of Public Law 100-690, Title V, Subtitle D, "Drug-Free Workplace Act of 1988," and DoC implementing regulations published at 15 CFR Part 26, Subpart F, "Governmentwide Requirements for Drug-Free Workplace (Grants)," which require that the Recipient take steps to provide a drug-free workplace.

I. LOBBYING RESTRICTIONS**.01 Statutory Provisions**

The Recipient shall comply with the provisions of Section 319 of Public Law 101-121, which added Section 1352 to Chapter 13 of Title 31 of the United States Code, and DoC implementing regulations published at 15 CFR Part 28, "New Restrictions on Lobbying." These provisions generally prohibit the use of Federal funds for lobbying the Executive or Legislative Branches of the Federal government in connection with the award, and require the disclosure of the use of non-Federal funds for lobbying.

.02 Disclosure of Lobbying Activities

The Recipient receiving in excess of \$100,000 in Federal funding shall submit a completed "Disclosure of Lobbying Activities" (SF-LLL) regarding the use of non-Federal funds for lobbying. The SF-LLL shall be submitted within 30 days following the end of the calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed. The Recipient must submit the SF-LLLs, including those received from subrecipients, contractors, and subcontractors, to the Grants Officer.

J. SUBAWARD, CONTRACT, AND SUBCONTRACT**.01 Applicability of Award Provisions to Subrecipients**

The Recipient shall require all subrecipients, including lower tier subrecipients, under the award to comply with the provisions of the award including applicable cost principles, administrative, and audit requirements.

.02 Competition and Codes of Conduct for Subawards

a. All subawards will be made in a manner to provide, to the maximum extent practicable, open and free competition. The Recipient shall be alert to organizational conflicts of interest as well as other practices among subrecipients that may restrict or eliminate competition. In order to ensure objective subrecipient performance and eliminate unfair competitive advantage, subrecipients that develop or draft work requirements, statements of work, or requests for proposals shall be excluded from competing for such subawards.

b. The Recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of subawards. No employee, officer, or agent shall participate in the selection, award, or administration of a subaward supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties mentioned in this section, has a financial interest or other interest in the organization selected for a subaward. The officers, employees, and agents of the Recipient shall neither solicit nor accept anything of monetary value from subrecipients. However, the Recipient may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Recipient.

.03 Applicability of Provisions to Subawards, Contracts, and Subcontracts

- a. The Recipient shall include the following notice in each request for applications or bids:

Applicants/bidders for a lower tier covered transaction (except for goods and services under the \$100,000 simplified acquisition threshold and where the lower tier Recipient will have no critical influence on or substantive control over the award) are subject to 15 CFR Part 26, Subparts A through E, "Governmentwide Debarment and Suspension (Nonprocurement). In addition, applicants/bidders for a lower tier covered transaction for a subaward, contract, or subcontract greater than \$100,000 of Federal funds at any tier are subject to 15 CFR Part 28, "New Restrictions on Lobbying." Applicants/bidders should familiarize themselves with these provisions, including the certification requirements. Therefore, applications for a lower tier covered transaction must include a "Certifications Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions and Lobbying" (CD-512) completed without modification.

- b. The Recipient shall include a statement in all lower tier covered transactions (subawards, contracts, and subcontracts), that the award is subject to Executive Order 12549, "Debarment and Suspension" and DoC implementing regulations published at 15 CFR Part 26, Subparts A through E, "Governmentwide Debarment and Suspension (Nonprocurement)."

- c. The Recipient shall include a statement in all lower tier covered transactions (subawards, contracts, and subcontracts) exceeding \$100,000 in Federal funds, that the subaward, contract, or subcontract is subject to Section 319 of Public Law 101-121, which added Section 1352, regarding lobbying restrictions, to Chapter 13 of Title 31 of the United States Code as implemented at 15 CFR Part 28, "New Restrictions on Lobbying." The Recipient shall further require the subrecipient, contractor, or subcontractor to submit a completed "Disclosure of Lobbying Activities" (SF-LLL) regarding the use of non-Federal funds for lobbying. The SF-LLL shall be submitted within 15 days following the end of the calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed. The SF-LLL shall be submitted from tier to tier until received by the Recipient. The Recipient must submit all disclosure forms received, including those that report lobbying activity on its own behalf, to the Grants Officer within 30 days following the end of the calendar quarter.

DoC encourages Recipients to utilize minority and women-owned firms and enterprises in contracts under financial assistance awards. The Minority Business Development Agency will assist Recipients in matching qualified minority and women-owned enterprises with contract opportunities. For further information contact:

U.S. Department of Commerce
Minority Business Development Agency
Herbert C. Hoover Building
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

.05 Subaward and/or Contract to a Federal Agency

- a. The Recipient, subrecipient, contractor, and/or subcontractor shall not subgrant or sub-contract any part of the approved project to any agency of the DoC and/or other Federal department, agency or instrumentality, without the prior written approval of the Grants Officer.
- b. Requests for approval of such action must be submitted to the Federal Program Officer who shall review and make a recommendation to the Grants Officer. The Grants Officer shall make the final determination and will notify the Recipient in writing of the final determination.

K. PROPERTY

.01 Standards

The Recipient shall comply with the property management standards as stipulated in the applicable uniform administrative requirements. Any inventory listings stipulated under the applicable uniform administrative requirements shall be submitted on the "Report of Government Property in Possession of Contractor" (CD-281). The CD-281 shall be submitted in triplicate (an original and two copies) to the Grants Officer.

.02 Rights to Inventions

Unless otherwise provided in applicable statutes, the policy and procedures set forth in DoC regulations 37 CFR Part 401, "Rights to Inventions made by Nonprofit Organizations and Small Business Firms under Government Grants, Contracts, and Cooperative Agreements," shall apply to all grants and cooperative agreements made to nonprofit organizations and small business firms where the purpose of the award is to accomplish experimental, developmental, or research work.

L. MISCELLANEOUS REQUIREMENTS**.01 Non-Compliance With Award Provisions**

Failure to comply with any or all of the provisions of the award may be considered grounds for any or all of the following actions: establishment of an account receivable, withholding payments under any DoC awards to the Recipient, changing the method of payment from advance to reimbursement only, termination of any DoC active awards, and may have a negative impact on future funding by the DoC.

.02 Prohibition Against Assignment by the Recipient

Notwithstanding any other provision of the award, the Recipient shall not transfer, pledge, mortgage, or otherwise assign the award, or any interest therein, or any claim arising thereunder, to any party or parties, bank trust companies, or other financing or financial institutions.

.03 Internal Revenue Service (IRS) Information

a. A Recipient classified for tax purposes as an individual, partnership, proprietorship, corporation, or medical corporation is required to submit a taxpayer identification number (TIN) (either social security number, employer identification number as applicable, or registered foreign organization number) on Form W-9, "Payer's Request for Taxpayer Identification Number." Tax-exempt organizations and corporations (with the exception of medical corporations) are excluded from this requirement. Form W-9 shall be submitted to the Grants Officer within 60 days of the award start date. The TIN will be provided to the IRS by DoC on Form 1099-G, "Statement for Recipients of Certain Government Payments." Recipients who either fail to provide their TIN or provide an incorrect TIN may have funding suspended until the requirement is met.

b. Disclosure of a Recipient's TIN is mandatory for Federal income tax reporting purposes under the authority of 26 USC, Section 6011 and 6109(d), and 26 CFR, Section 301.6109-1. This is to ensure the accuracy of income computation by the IRS. This information will be used to identify an individual who is compensated with DoC funds or paid interest under the Prompt Payment Act.

.04 Foreign Travel

a. The Recipient shall comply with the provisions of the Fly America Act (49 USC § 40118).

b. The Fly America Act requires that Federal travelers and others performing U.S. Government-financed foreign air travel must use U.S. flag air carriers, to the extent that service by such carriers is available. Foreign air carriers may be used only when a U.S. flag air carrier is unavailable, or use of U.S. flag air carrier service will not accomplish the agency's mission.

c. Use of foreign air carriers may also be used only if bilateral agreements permit such travel pursuant to 49 USC § 40118(b). DoC is not aware of any bilateral agreements which meet these requirements, therefore, it is the responsibility of the Recipient to provide the Grants Officer with a copy of the applicable bilateral agreement if use of a foreign air carrier is anticipated.

d. If a foreign air carrier is anticipated to be used for any part of foreign travel, the Recipient must receive prior approval from the Grants Officer. The Recipient must submit a justification to the Federal Program Officer explaining why service by a U.S. flag air carrier is not available as determined under 41 CFR Part 301, why it would be necessary to use a foreign air carrier, or if a bilateral agreement permits such travel and provide a copy of the agreement. The Grants Officer shall make the final determination and notify the Recipient in writing. Failure to adhere to the provisions of the Fly America Act will result in the disallowance of the Recipient's air carrier expenses in an amount comparable to the loss of revenues suffered by the U.S. flag air carriers as a result of the Recipient's actions.

.05 American-Made Equipment or Products. Recipients are hereby notified that they are encouraged, to the greatest extent practicable, to purchase American-made equipment and products with funding provided under this program.

.06 Patent Notification Procedures. Pursuant to Executive Order 12889, the Department of Commerce (DoC) is required to notify the owner of any valid patent covering technology whenever the DoC or its financial assistance Recipients, without making a patent search, knows (or has demonstrable reasonable grounds to know) that technology covered by a valid United States patent has been or will be used without a license from the owner. To ensure proper notification, if the Recipient uses or has used patented technology under this award without a license or permission from the owner, the Recipient must notify the DoC Patent Counsel at the following address, with a copy to the Grants Officer:

Department of Commerce
Office of Chief Counsel for Technology
Patent Counsel
14th Street and Constitution Avenue, N.W. Room H-4613
Washington, D.C. 20230

The notification shall include the following information:

- the award number
- the name of the DoC awarding agency
- a copy of the patent
- a description of how the patented technology was used
- the name of the Recipient contact, including an address and telephone number

G X 4 G r a n t s a n d
G A M A

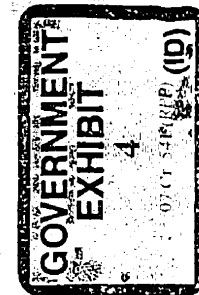
Contracts in
Government
Exhibits

GX4 (excerpt)

KA-627



KA-627



KA-627

Grants and Agreements Management Division (GAMD)

Hope Snowden
NIST Grants Office
100 Bureau Drive, Stop 3580
Building 411, Room A-143
Gaithersburg, MD 20899-3580
(Phone) 301-975-6002
(Fax) 301-840-5976
hope.snowden@nist.gov



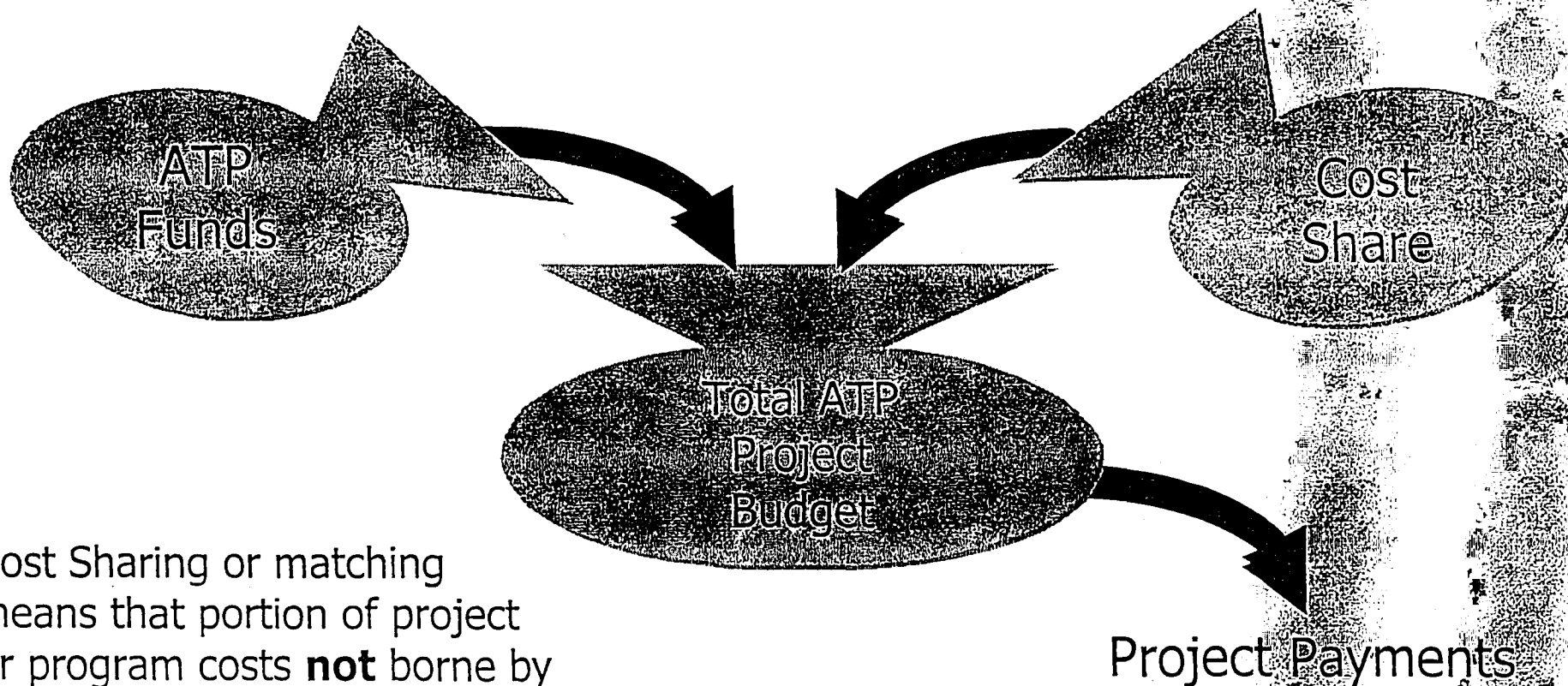
National Institute of Standards and Technology • Technology Administration • U.S. Department of Commerce

- **Adhere to Terms & Conditions & Related Award Regulations**
 - Special Award Conditions
 - ATP General Terms & Conditions
 - Department of Commerce (DoC) Standard Terms & Conditions
 - 15 Code of Federal Regulations (CFR) Part 14
 - Cost Principles found in the Federal Acquisition Regulation (FAR) Part 31
 - ATP Audit Guidelines

- **Prior Approvals - Notify Grants Specialist**

- Change in Technical Approach
- Budget Line Item Changes >10% of total annual approved budget for each Recipient for each project year
- Key Personnel Changes
- Sole Source contracts over \$100,000
- Change in Organizational Structure, Mergers, Acquisitions, Bankruptcy Protection, Name Change, Change in Joint Venture Partner
- Involvement of Human Subjects or Animals

Relationship Between Cost Share and ATP Funds



Cost Sharing or matching means that portion of project or program costs **not** borne by the Federal Government.

Written Prior Approval Required for

- Significant changes to the technical plan/tasks/approach from the approved proposal
- Changes in key personnel
- Sole source procurements (equipment or subcontracts) in excess of \$100,000
- Changes in joint venture membership
- Transfer of funds among direct cost categories exceeding 10% of the total annual budget (inc., indirect costs for JVs and for large SAs)
- Continuing the project after an ownership change (e.g., acquisition)
- Change in the use of human and/or animal subjects
- Addition of subcontractor(s)

G X 1 2 C o O p e r a t i v e

Contracts in Government
Exhibits

GX12 Co
Operative
Agreement

FINANCIAL ASSISTANCE AWARD

RECIPIENT NAME Computer Aided Surgery, Inc.	ACCOUNTING CODE cc: 1/4721348 Req. No. 1/472-2136
STREET ADDRESS 300 East 33 rd Street, Suite 4N	AWARD NUMBER 70NANB1H3050
CITY, STATE, ZIP CODE New York, NY 10016	FEDERAL SHARE OF COST \$800,000.00
AWARD PERIOD October 1, 2001 through September 30, 2004 (project period)*	RECIPIENT SHARE OF COST \$ 36,500.00
	TOTAL ESTIMATED COST \$843,000.00 *

AUTHORITY
P.L. 100-418, Section 5131 (codified at 15 USC 278n) as modified by P.L. 102-245

CFDA NO. AND PROJECT TITLE 11.612, Advanced Technology Program (ATP), Proposal No. 00-00-4607
Project Title: Anatomic Computer Modeling for Precise and Accurate Therapies

This Award approved by the Grants Officer is issued in triplicate and constitutes an obligation of Federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions checked below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Grants Officer and the third document shall be retained by the Recipient. If not signed and returned without modification by the Recipient within 30 days of receipt, the Grants Officer may unilaterally terminate this Award.

- ☒ Department of Commerce Financial Assistance Standard Terms and Conditions
- ☒ Special Award Conditions
- ☒ Line Item Budget
- ☒ 15 CFR Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit, and Commercial Organizations
- ☐ 15 CFR Part 24, Uniform Administrative Requirements for Grants and Agreements to State and Local Governments
- ☐ OMB Circular A-21, Cost Principles for Educational Institutions
- ☐ OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- ☐ OMB Circular A-122, Cost Principles for Nonprofit Organizations
- ☒ 48 CFR Part 31, Contract Cost Principles and Procedures
- ☐ OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- ☒ Other(s) General Terms and Conditions, Advanced Technology Program (ATP)(8/01); Program Specific Audit Guidelines for ATP Cooperative Agreements with Single Companies (9/99)
* Multi-year Project. See Special Award Condition # 06.

GOVERNMENT
EXHIBIT
12
07 Cr. 541 (RPP) (ID)

B-AE93-N-C-F-N-A-36-51000 EIN: 13-388-9180 472/B.J.Lide

SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER Lyn Goldstein <i>Lyn Goldstein</i>	TITLE GRANTS OFFICER	DATE 9-29-01
TYPED NAME AND SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL <i>[Signature]</i>	TITLE President	DATE 5 Oct 01

G X 1 3 S p e c i a l C o n d i t i o n s

Contracts in
Government Exhibits
GX12 Special
Conditions

SPECIAL AWARD CONDITIONS
ADVANCED TECHNOLOGY PROGRAM – SINGLE RECIPIENT
COMPUTER AIDED SURGERY, INC.
COOPERATIVE AGREEMENT NO. 70NANB1H3050

1. RECIPIENT ADMINISTRATOR CONTACT

The Recipient Administrator Contact's name, title, address, and telephone number are:

(Technical) Dr. D.B. Karron
Principal Investigator
(212) 686-8748
(Administrative) Dr. D.B. Karron (212) 686-8748
President
Computer Aided Surgery, Inc. (CASI)
300 East 33rd Street
Suite 4N
New York, NY 10016
Fax: (212) 448-0261
E-Mail: karron@casi.net

2. GRANTS OFFICER

The Grants Officer's name, address, and telephone number are:

Marilyn J. Goldstein
National Institute of Standards and Technology
100 Bureau Drive, Bldg. 411, Room A-143, Mail Stop 3580
Gaithersburg, MD 20899-3580
(301) 975-6359

3. GRANTS SPECIALIST

The Grant Specialist's name, address, and telephone number are:

Hope Snowden
National Institute of Standards and Technology
100 Bureau Drive, Bldg. 411, Room A-143, Mail Stop 3580
Gaithersburg, MD 20899-3580
(301) 975-6002

4. PROGRAM OFFICERS

a. The Technical Manager's name, address, and telephone number are:

Bettijoynce Lide
National Institute of Standards and Technology
100 Bureau Drive, Bldg. 101, Mail Stop 4720
Gaithersburg, MD 20899-4720
(301) 975-2218

b. The Project Manager's name, address, and telephone number are:

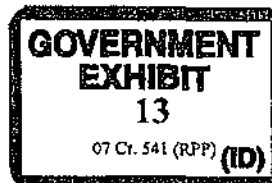
Jayne Orthwein
National Institute of Standards and Technology
100 Bureau Drive, Bldg. 101, Mail Stop 4720
Gaithersburg, MD 20899-4720
(301) 975-3176

5. PROJECT DESCRIPTION

All research shall be conducted in accordance with the Recipient's proposal dated 07/06/01 (Gate 1), and 08/06/01 (Gate 2), and all revisions/late documentation dated 08/21/01, 08/27/01, 09/06/01, 09/12/01, 09/14/01, and 09/--/01, including revised budget dated 09/--/01.

6. FUNDING LIMITATIONS

The scope of work and budget incorporated into this award cover a three-year period (referred to as the "project period") for a total amount of \$2,000,000.00 in Federal funds. However, Federal funding available at this time is limited to \$800,000.00 for the first year period from October 1, 2001 through September 30, 2002 (referred to as the "budget period"). The Grants Officer may require additional clarification to support the budget. If that results in changes to the budget or budget narrative, the Recipient shall submit, in writing, a revised budget and/or budget narrative to the Grants Officer for approval. Receipt of any funding beyond the first year up to the level projected under this award is contingent upon the availability of funds from Congress, satisfactory performance, and will be at the sole discretion of the National Institute of Standards and Technology (NIST). The Recipient may not obligate, incur any expenditure, nor engage in any activity that involves a commitment of Federal funds under this Agreement in excess of the Federal amount presently available. No legal liability exists or will result on the part of the Federal Government for payment of any portion of the remaining funds, which have not been made available under the award. If additional funds are not made available, any expenses incurred related to closeout activities must be funded from the amount already made available under this award. The notice of availability or non-availability of additional funding for the second and third year(s) will be made in writing by the Grants Officer. Only the Grants Officer is authorized to obligate funds. No other verbal or written notice should be relied upon by the Recipient. In the absence of a written notice of additional funding, no assumption should be made by the Recipient that the funds will be forthcoming.



6 2/5

Projected budget amounts and periods:

Year 2: \$600,000.00 (From 10/01/02 to 09/30/03)

Year 3: \$600,000.00 (From 10/01/03 to 09/30/04)

7. COST SHARE

For the first year period, the cost sharing ratio (direct costs only) applicable to this award is the Recipient's contribution of 3.61% (\$30,000.00) and NIST's contribution of 96.39% (\$600,000.00).

8. PERSONNEL AND CONSULTANT REQUIREMENT

The Recipient must provide to the ATP Project Manager in writing within 60 days of project start date, identification of the personnel on the project and the percentage of time including consultants.

9. REQUIREMENT OF ACCOUNTING SYSTEM CERTIFICATION

The Recipient, whether receiving Federal Funds or only providing matching funds, must have a functioning financial management system that meets the provisions of 15 CFR 14.21 to ensure proper accountability of funds. Therefore, Computer Aided Surgery, Inc., must submit an accounting system certification issued by an Independent Certified Public Accountant (CPA) to the NIST Grants Officer within 90 days from the date of this award.

10. DEFERRAL OF REVIEW OF USE OF HUMAN SUBJECTS

Based upon a review of the proposal dated July 6, 2001, NIST has determined that the involvement of human subjects in research identified herein meets the criteria to qualify for a deferred review. This award is made in accordance with 15 CFR 27.118, which permits research that does not involve human subjects to proceed even though human subjects may be involved at a later stage during the project period. In accordance with the 8/01 ATP General Terms and Conditions #19, the Recipient must submit the following documentation prior to Year 3 of the project and prior to any research that may involve human subjects, to the ATP Project Manager for review and approval by appropriate NIST officials:

- a) Documentation establishing approval of the project by an Institutional Review Board qualified under 15 CFR 27.103, OR
- b) Documentation to support an exemption for the project pursuant to 15 CFR 27.101(b).

The documentation requirements are available on the ATP website at <http://www.atp.nist.gov>, outlined in the ATP booklet titled "Guidelines and Documentation Requirements for Research Involving Human and Animal Subjects." No involvement of human subjects in research may be undertaken or conducted, or costs involving human subjects research incurred or charged to the project, until the NIST Grants Officer's approval of the above documentation is obtained in writing.

4637

71 NAMB/H3050

Rev Budget dated 9/20/01

EST. ED MULTI-YEAR BUDGET SINGLE COMP.

KA-637

KA-637

YEAR ONE

YEAR TWO

YEAR THREE

TOTAL

1. OBJECT CLASS CATEGORY

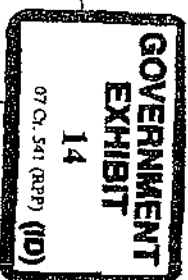
A. Personnel Salaries / Wages	\$375,000	\$375,000	\$375,000	\$1,125,000
B. Personnel Fringe Benefits (34%)	\$127,500	\$127,500	\$127,500	\$382,500
C. Travel	\$4,000	\$9,000	\$12,000	\$25,000
D. Equipment	\$120,000	\$9,000	\$9,000	\$138,000
E. Materials/Supplies				
F. Subcontractor	\$200,000	\$110,000	\$110,000	\$420,000
G. Other	\$10,000		\$10,000	\$20,000
H. Total Direct Costs (Lines A thru G)	\$836,500	\$630,500	\$643,500	\$2,110,500
I. Total Direct Costs Requested from ATP	\$800,000	\$600,000	\$600,000	\$2,000,000
J. Total Direct Costs Shared by Proposer	\$36,500	\$30,500	\$43,500	\$110,500
K. Total Indirect Costs Absorbed by Proposer	\$6,500	\$500	\$3,500	\$10,500
L. Total Costs (Lines H + K)	\$843,000	\$631,000	\$647,000	\$2,121,000

2. SOURCES OF FUNDS

A. ATP (Same as Line I)	\$800,000	\$600,000	\$600,000	\$2,000,000
B. PI	\$30,000	\$30,000	\$40,000	\$110,500
C. PI Indirect absorbed costs	\$6,500	\$500	\$3,500	\$10,500
D.				
E. Total Sources of Funds (Same as Line L)	\$843,000	\$631,000	\$647,000	\$2,121,000

3. TASKS

A. 1 Server hardware install and config	\$ 419,000			\$ 419,000
B. 2 Public client design mock-up	\$ 111,000			\$ 111,000
C. 3 Program SpiderWeb surface gen	\$ 111,000			\$ 111,000
D. 4 Recog, sort Crits, Graph display	\$ 202,000			\$ 202,000
E. 5 Write Union/Intersection operator		\$ 210,500		\$ 210,500
F. 6 Write saddle crit navigator/editor		\$ 210,000		\$ 210,000
G. 7 Write DICOM, up/down load compres/crypt		\$ 210,500		\$ 210,500
H. 8 Node warping code			\$ 214,500	\$ 214,500
I. 9 Write Level of Detail Management code			\$ 211,000	\$ 211,000
J 10: Install click stream technology on clients			\$221,500	\$221,500
K. Total Costs of All Tasks (Same as Line L)	\$843,000	\$631,000	\$647,000	\$2,121,000



C a s e L a w

CASE

LAW

KA-639

KA-639

KA-639

Page 445
63 F.3d 445
102 Ed. Law Rep. 946
INSTITUTE FOR TECHNOLOGY DEVELOPMENT, Plaintiff-Appellant,
v.
Ronald H. BROWN, Secretary of Commerce, et al., Defendants-Appellees.
No. 94-60432.
United States Court of Appeals,
Fifth Circuit.
Sept. 13, 1995.

Thomas W. Crockett, Watkins Ludlam & Stennis, Jackson, MS, for appellant.

Lemuel A. Smith, III, Asst. U.S. Atty., George Phillips, U.S. Atty., Jackson, MS,

Page 446

Janis C. Kestenbaum, Asst., Barbara C. Biddle, Asst. Director, Sandra M. Schraibman, U.S. Dept. of Justice, Civ. Div., Washington, DC, for appellees.

Appeals from the United States District Court for the Southern District of Mississippi.

Before VAN GRAAFEILAND, * E. GRADY JOLLY and WIENER, Circuit Judges.

E. GRADY JOLLY, Circuit Judge:

This appeal raises the somewhat technical, yet fact specific question of whether this recipient of federal grants can claim depreciation as an allowable substitute cost. Although somewhat repetitious with other parts of this opinion, the recital of some background initially will place in context the issue we consider.

The Public Works and Economic Development Act bestows on the Secretary of Commerce the authority to make grants for economic development upon application of any state. 42 U.S.C. Sec. 3131(a) (1977). Mississippi sought federal funds to create a nonprofit organization--the Mississippi Institute for Technology Development ("ITD")--to establish university-affiliated research centers throughout the state to conduct and to transfer scientific research into useful commercial applications. The Mississippi Board of Economic Development had approved a plan for the establishment of ITD, and the state's government, business, and academic leaders had agreed to fund half of the capitalization of ITD. S.REP. NO. 206, 98th Cong., 1st Sess. 8 (1983). In response to Mississippi's efforts, the United States Senate Committee on Appropriations, on August 2, 1983, considered the proposal by Mississippi that the federal government contribute funds toward the establishment of ITD. S.REP. NO. 206 at 7. Thereafter, the Committee appropriated funds to the Economic Development Administration ("EDA")--an agency within the Department of Commerce--to conduct a feasibility study (the "Study") of Mississippi's proposal and deferred committing federal funds to support ITD until completion of the Study. Id. On March 30, 1984, the independent research firm hired to conduct the Study submitted its results to the Senate, the House of Representatives, and EDA. The Study discussed in detail the feasibility and potential of ITD, the positive economic contributions that would result from ITD's creation and operation, and the required funding of ITD. Because of the Study's optimistic predictions, the Committee recommended that Congress appropriate a maximum of twenty million dollars over a four-year period to EDA for the establishment of ITD. S.REP. NO. 570, 98th Cong., 2d Sess. 9 (1984).

After Congress appropriated these funds to EDA, EDA distributed the money to ITD in five separate grants. H.R.REP. NO. 6040, 98th Cong., 2d Sess. (1984). After EDA distributed four of these five grants, the Office of the Inspector General conducted an audit of the grants and recommended that certain costs improperly spent under the grants be disallowed. EDA subsequently accepted this recommendation and disallowed a portion of the costs charged against the federal funds. Applicable regulations, however, provided that when claimed expenses were disallowed, a grantee, such as ITD, could substitute and claim reimbursement for other previously unclaimed

"allowable" expenses it may also have incurred in the operation of the sponsored project. Pursuant to these regulations, ITD sought reimbursement for some of the depreciation expenses it had incurred, but had not initially claimed for reimbursement under the grants. EDA rejected the claim for reimbursement under the first four grants. ITD then appealed the decision of EDA to the Assistant Secretary for Economic Development, who also rejected ITD's depreciation costs, finding reimbursement for depreciation inconsistent with the purpose and terms of the grants. ITD next filed for review in the district court, which affirmed the decision of the Assistant Secretary.

With regard to the fifth and final grant, EDA disallowed various costs, which ITD appealed to the Assistant Secretary. In the administrative appeal, however, ITD did not

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claim depreciation as a substitute cost. Nevertheless, ITD attempted to raise this claim for depreciation as an allowable substitute cost before the district court. Here, ITD argues that because applicable regulations recognize depreciation as an allowable substitute cost, the district court erred in granting summary judgment in favor of EDA with respect to all five grants. After examining the Grant Agreements between EDA and ITD, the congressional intent underlying these grants, and the provisions of the Study, we hold that the district court erred in affirming the decision of the Assistant Secretary regarding the first four grants. Accordingly, as to these four grants, we reverse and remand for proceedings not inconsistent with this opinion. Because ITD failed to exhaust its administrative remedies on grant five, we affirm the district court's judgment granting summary judgment in favor of EDA on this final grant.

I

As we have noted, in 1983, Congress appropriated funds to the Economic Development Administration ("EDA") to conduct a feasibility study (the "Study") exploring a proposal by Mississippi to provide federal funding for the establishment of the Mississippi Institute for Technology Development ("ITD"). ITD would develop capabilities for transferring scientific research from Mississippi's universities into useful commercial applications. In 1984, as a result of the Study, Congress appropriated to EDA twenty million dollars to be distributed to ITD through five grant awards over a four-year period.¹ At the end of this time, Congress expected the organization to be self-supporting. Mississippi appropriated most of the additional funds to support ITD.

Before disbursement of each of the five grants, ITD was required to submit to EDA a "Grant Request" containing a budget proposal for spending the federal funds. EDA would respond with a "Demonstration Grant Offer" to ITD, which reflected the extent of and forms of its approval of the Grant Request. ITD's acceptance of this Offer constituted a "Grant Agreement." Each Grant Agreement incorporated by reference two documents--ITD's Grant Request and a document setting out general "Terms and Conditions" of the agreement. These Terms and Conditions required that the grant "be used only for the research project approved by the [EDA] and in conformity with the approved research budget." Additionally, the Grant Agreements prohibited the use of federal grant funds "to pay for capital assets or other items not treated as expenses under accepted accounting principles." Finally, in determining the allowability of expenses made by ITD, the Grant Agreements provided that both ITD and EDA would adhere to certain Office of Management and Budget Circulars, including Circular A-122.

In 1988, the Office of Inspector General of the Department of Commerce (the "Inspector General") conducted an audit of ITD's first four grants. This draft audit report stated that ITD claimed approximately \$4.6 million in unallowable costs in the first four grants and that ITD failed to maintain an accounting system for allocating indirect costs or overhead. In its response to the Inspector General's audit report, ITD contended that a portion of the disallowed costs in fact were allowable. Additionally, Leonard R. Vernamonti, the president and chief executive officer of ITD, met with the Inspector General auditors and argued that ITD should be allowed to substitute depreciation and claim it as an allowable cost for a portion of these unallowable costs. In March 1990, the Inspector General issued its final audit report on the first four grants and reduced the amount of disallowed costs to \$1.9 million. The Inspector General failed, however, to address whether depreciation could serve as an allowable substitute cost.

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In April 1990, ITD submitted a response to the Inspector General's final report, again claiming that depreciation should serve as an allowable substitute cost. EDA issued a final audit determination. EDA stated that depreciation was not an allowable cost under these four grants. EDA further reduced, however, the amount of unallowable costs on these grants to \$1,362,142.

On November 8, 1990, ITD appealed EDA's audit determination of the first four grants to L. Joyce Hampers, the Assistant Secretary for Economic Development ("Assistant Secretary"). On August 16, 1991, the Assistant Secretary also denied ITD's request to substitute depreciation for unallowable costs, explaining that "[t]he primary and determinative factor in our decision not to accept depreciation as an allowable substitute cost is that no one intended that depreciation be charged against the ITD grants" ² because the grants were intended only to provide start-up or seed funding to ITD. The Assistant Secretary recognized that under Circular A-122 depreciation is generally an allowable cost, but stated that her position was based only on the parties' intent, not on the "allowableness issue." She reduced still further, however, the amount due EDA on the first four grants to \$1.1 million. ITD submitted additional information to the Assistant Secretary and requested reconsideration, but she maintained her position, stating that depreciation was not intended to be charged to the grants. In somewhat different words from her earlier statement noted above, however, she added that "[t]he primary and determinative factor in our decision not to accept depreciation as an allowable substitute cost is that there is no provision in the grants for depreciation to be charged as a direct cost."

On August 15, 1991, ITD submitted to EDA a final claim for grant five, which was the last grant disbursed under the appropriations by Congress. ITD included a category for depreciation in this claim but indicated that this cost had been recovered from another funding source. As a result of the Inspector General's audit of this final grant award, EDA disallowed certain costs claimed (depreciation was not claimed) by ITD. ITD ultimately appealed this decision to the Assistant Secretary, but failed to request that depreciation be substituted for the disallowed costs. In January 1993, the Assistant Secretary agreed with EDA's audit resolution determination disallowing certain costs claimed by ITD, but, as the issue had not been raised, the Assistant Secretary did not discuss whether depreciation could be substituted for these disallowed costs.

II

On July 10, 1992, ITD filed a complaint in the United States District Court for the Southern District of Mississippi, under the Administrative Procedures Act, 5 U.S.C. Secs. 551 et seq., against EDA, the Secretary of Commerce, and various officials at the Department of Commerce. ITD alleged that the Assistant Secretary erred in refusing to allow depreciation as a substitute cost in the first four grants. After receiving the adverse decision in grant five, ITD filed a supplemental complaint raising allegations identical to those argued in the original complaint. After considering the parties' motion and cross-motion for summary judgment on both the original and supplemental complaint, the district court granted EDA's motion with respect to both complaints and refused to recognize depreciation as an allowable substitute cost. The court concluded that EDA had correctly determined that the grants were not intended to cover depreciation costs because the grants were intended solely to provide start-up funds towards ITD's establishment. As to the final grant,

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the court found that ITD had waived its right to judicial review by failing to exhaust its administrative remedies by raising the issue of depreciation as a substitute cost before the Assistant Secretary. The court went on to hold, however, that summary judgment on the merits in favor of EDA was nevertheless appropriate on grant five, under the same rationale as that given for the first four grants. ITD appeals from this judgment in favor of EDA, dismissing ITD's case.

On appeal, ITD argues that because under the Grant Agreements and applicable regulations depreciation is an allowable substitute cost, the district court erred in affirming the Assistant Secretary's decision. ³

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III

The sole question presented on appeal is whether in this case, and under the terms of these particular grants, depreciation costs may constitute an allowable substitute for those costs that EDA disallowed.⁴ We start with the premise that the terms of a grant agreement are binding on both the grantee and the grantor. *United States v. Marion County Sch. Dist.*, 625 F.2d 607, 609 (5th Cir.1980), cert. denied, 451 U.S. 910, 101 S.Ct. 1980, 68 L.Ed.2d 298 (1981). Although grant agreements have this contractual aspect, the Supreme Court has further explained that, "[u]nlike normal contractual undertakings, federal grant programs originate in and remain governed by statutory provisions expressing the judgment of Congress concerning desirable public policy." *Bennett v. Kentucky Dep't. of Educ.*, 470 U.S. 656, 669, 105 S.Ct. 1544, 1552, 84 L.Ed.2d 590 (1985). Accordingly, to determine whether depreciation was intended by the parties to be an allowable cost under these grants, we must examine the actual, binding Grant Agreements between ITD and EDA, including the incorporated documents--the Terms and Conditions, the Grant Requests, and Circular A-122--the legislative history underlying the grants, and the Study ordered by Congress prior to awarding these funds. This examination leads us to the unmistakable conclusion that Circular A-122's general recognition of depreciation as an allowable indirect cost forms a basic part of the agreement between EDA and ITD, and its terms and provisions are uncontradicted by other record evidence. We will now proceed to demonstrate how we reach our conclusion.

IV

A

Because this is a case on appeal from the district court's grant of summary judgment, we review the record de novo. *Calpetco 1981 v. Marshall Exploration, Inc.*, 989 F.2d 1408, 1412 (5th Cir.1993). Under Rule 56(c) of the Federal Rules of Civil Procedure, we examine evidence presented to determine that there is "no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." FED.R.CIV.P. 56(c). Consequently, we are not required to defer to the district court's factual findings.

"It is well established that an agency's action must be upheld, if at all, on the basis articulated by the agency itself." *Motor Vehicle Mfrs. Assoc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 50, 103 S.Ct. 2856, 2870, 77 L.Ed.2d 443 (1983). Moreover, we base our review of an administrative action "on the full administrative record that

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was before the [administrative officer] ... at the time he made his decision." *Milena Ship Management Co. v. Newcomb*, 995 F.2d 620, 624 (5th Cir.1993), cert. denied, --- U.S. ---, 114 S.Ct. 877, 127 L.Ed.2d 74 (1994). As a general rule, we uphold an agency's factual findings if they are supported by substantial evidence. *Hawkins v. Agricultural Marketing Serv.*, 10 F.3d 1125, 1128 (5th Cir.1993). Here, however, no testimonial evidence was taken and no issues purely of fact were determined by the agency. In short, we are not reviewing the factual findings of the agency, nor are we reviewing an interpretation of the agency's own regulations with respect to which it has some expertise. Consequently, in this case we owe no deference to the agency's determination. *Pennzoil Co. v. Federal Energy Regulatory Comm'n.*, 789 F.2d 1128, 1135 (5th Cir.1986). Unlike factual findings, we review questions of law freely and are under no obligation to defer to the agency's legal conclusions. *Pennzoil*, 789 F.2d at 1135 (citing *Coca-Cola Co. v. Atchison, Topeka and Santa Fe Ry. Co.*, 608 F.2d 213, 218 (5th Cir.1979)). As our analysis involves the interpretation of regulations of a different agency, congressional policy, and contractual agreements--all of which involve issues of law--our review is effectively de novo. See *Snug Harbor, Ltd. v. Zurich Ins.*, 968 F.2d 538, 541 (5th Cir.1992) (finding question of ordinary contract interpretation generally reviewed de novo).

B

There are a few predicate principles that we need to keep in mind as we consider whether depreciation is an allowable cost under the grants before us:

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"The total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits," not to exceed the total appropriated funds.⁵ Office of Management and Budget, Cost Principles for Nonprofit Organizations, Circular No. A-122 att. A Sec. A(1), (CCH) p 18,810.10 (July 8, 1980) [hereinafter OMB Circular No. A-122]. Thus, costs under grants, such as the one to ITD, are treated as two broad types--direct and indirect. 2 UNITED STATES GENERAL ACCOUNTING OFFICE, PRINCIPLES OF FEDERAL APPROPRIATIONS LAW 10-75 (2d ed.1992). A direct cost is one that can be "identified specifically with a particular final cost objective: i.e., a particular award, project, service, or other direct activity of an organization." OMB Circular No. A-122 att. A Sec. B(1). "Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective." Id. at Sec. C(1). Depreciation is a typical example of an indirect cost that is generally allowable. Id. at Sec. C(2). "A grantee may generally substitute other allowable costs for costs which have been disallowed, subject to any applicable cost ceiling. If additional funds become available as the result of a cost disallowance, those funds should be used to pay any 'excess' allowable costs which could not be paid previously because of the ceiling." PRINCIPLES OF FEDERAL APPROPRIATIONS LAW, supra, at 10-75. Generally, a cost is allowable under a grant if it meets the grant purposes. Id. at 10-74. Consequently, a cost that is not for "grant purposes or is contrary to a condition of the grant is not an allowable cost and may not be properly charged against the grant." Id.

We now turn to examine the Grant Agreements, along with its incorporated documents, between the parties, the congressional intent in appropriating the funds, and the findings of the Study to determine whether depreciation is an allowable substitute cost under the grants.

(1)

Each Grant Agreement between EDA and ITD set forth the amount of each grant and defined the purpose of the award. ITD was awarded a grant "for the purpose of assisting and enabling [ITD] to conduct a demonstration project involving [ITD] operations and additional staffing, planning, and implementation." As we have earlier noted, this brief and vaguely stated purpose found in each of the approximately one and one-half page Grant Agreements must be understood in the light of ITD's statement of its purpose: to

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stimulate technical and economic development in Mississippi by transferring research from its universities into commercial applications. The bare Grant Agreements themselves, however, did not explicitly or implicitly denote depreciation as an allowable or disallowable cost.

Each Grant Agreement incorporated by reference two documents--ITD's Grant Request and a document setting out general "Terms and Conditions" of the agreement. The Grant Request set out a budget, projecting anticipated operational expenses for each of ITD's existing divisions and anticipated start-up expenses for new divisions of ITD. The Grant Requests made no reference to depreciation. The Terms and Conditions stated that "[t]he grant can be used only for the research project approved by [EDA] and in conformity with the approved research budget." The Terms and Conditions also prohibited the use of federal grant funds "to pay for capital assets or other items not treated as expenses under accepted accounting principles." The Terms and Conditions document, however, does not address the recovery of depreciation expenses.

Most importantly, the Grant Agreements specifically incorporated Office of Management and Budget Circular A-122, which provided that both ITD and EDA were bound to follow the principles of Circular A-122 in determining the allowability of ITD's expenses. To be allowable, Circular A-122 provides that the costs must "[b]e reasonable for the performance of the award and be allocable thereto under these principles" and "conform to any limitations or exclusions set forth ... in the award." OMB Circular No. A-122 att. A Sec. A(1), (2)(a). To determine whether a cost is "reasonable," Circular A-122 directs EDA to consider "[w]hether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award." Id. at Sec. A(3)(a). Circular A-122 explicitly identifies depreciation as a typical example of an allowable indirect cost. Id. at Sec. C(2). Finally, Circular A-122 provides that when determining the allowability of a particular cost,

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"[c]ompensation for the use of buildings, other capital improvements and equipment on hand may be made through use allowances or depreciation." Circular No. A-122 att. B Sec. C(9).

In short, although the Grant Agreements, Grant Requests, and Terms and Conditions do not specifically refer to depreciation as an allowable cost under these grants, Circular A-122 clearly recognizes depreciation as an allowable cost and approves depreciation as a method for compensating for use of an asset.

(2)

We next turn to discuss the congressional intent behind the appropriation of these grant funds. After receiving favorable feedback from the Study that it had commissioned, Congress appropriated money "toward establishment of the Institute." S.REP. NO. 570, 98th Cong., 2d Sess. 9 (1984). In its report recommending funding, the Senate Appropriations Committee explained that it expected to provide no more than twenty million dollars over a four-year period for a "demonstration project" that would coordinate several research centers in Mississippi "to contract for research and development work that should lead to technology transfer benefits for State and regional industries." S.REP.NO. 570. The Senate explained that ITD should be self-supporting by the end of the four-year period. Id. In the next two appropriation bills, Congress approved grants "consistent" with its original appropriation. S.REP. NO. 150, 99th Cong., 1st Sess. 7 (1985); S.REP. NO. 425, 99th Cong., 2d Sess. 9 (1986). In the following appropriation, Congress expressly stipulated that no grant funds could be used for a specific category of costs--"attorneys' or consultants' fees in connection with securing grants and contracts" from EDA. H.R.J.Res. 395, 100th Cong., 1st Sess., 101 Stat. 1329-2 (1987).

In sum, neither the appropriation laws nor the corresponding legislative histories address specifically whether ITD's grants could be used to cover depreciation.

(3)

As we have noted, before Congress funded this proposal and before EDA and ITD executed the Grant Agreements, Congress approved funds for EDA to conduct the Study,

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which examined the appropriateness of federal funding. The Study defined ITD's funding requirements as "start-up funds, ongoing support funds, project development funds, outside investment funds, and funds for technology assistance." The Study proposed that federal funds be allocated to pay for "a portion of the start-up funds over a five-year period," while state money would pay for "start-up funds and ongoing support." The Study defined "start-up funds" as the money needed "to pay for the services of the key staff who must be recruited for ITD central and the individual centers, initial office and equipment requirements for both, and expenses incurred in initial efforts to establish ITD and its center as potential recipients of government and industry R & D grants." (emphasis added). The Study provided no discussion or recommendation, however, on the payment of depreciation expenses.

V

Having reviewed the relevant evidence and legal principles relating to the issue before us, we now come to our analysis. First we note that the efforts that ITD has made in its attempt to claim all appropriated funds appears to be congruous with and according to the regulations. When costs are disallowed, as was the case here, and appropriated funds have not been exhausted, the grantee is permitted under the regulations to substitute a cost that it had not claimed for that disallowed cost. The substitute cost, of course, must be one that is allowable under the regulations. Thus, because unexhausted funds remain in the ITD appropriations, ITD had a right under the regulations to claim a substitute cost.⁶ Accordingly, it claimed its costs of depreciation. The only question before us, therefore, is whether depreciation may be such an allowable substitute cost.

Ruling on this question, the Assistant Secretary acknowledged that depreciation is an allowable cost generally under Circular A-122, but she said that her decision denying depreciation was based on the parties' intent. Furthermore, when the Assistant Secretary ruled on ITD's motion for reconsideration, she said "[t]he primary and

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determinative factor in our decision not to accept depreciation as an allowable substitute cost is that there is no provision in the grants for depreciation to be charged as a direct cost." The only way we can read this cryptic reasoning is as the district court did: support for her position that the parties did not intend to charge depreciation against the grants because initially it was not claimed as a cost.⁷ The only evidence from which the intent of the parties can be gleaned, however, is from the Grant Agreements, Grant Requests, Terms and Conditions, Circular A-122, from the legislative history underlying the appropriations, and from the Study. Our earlier review of each of these documents determined that there is no evidence that depreciation was not intended to be an allowable substitute cost under these grants.

Yet, Circular A-122 clearly recognizes depreciation as an allowable cost and, as part of the contract between the parties, is binding on EDA and ITD in the absence of a contrary expression. To be sure, Circular A-122 is the only record evidence addressing depreciation. Because Circular A-122 is part of the contract between the parties and because we find no evidence of the parties' intent that would justify disregarding its clear statement, we hold that depreciation may be an allowable substitute cost under these grants.

Accordingly, we REVERSE the judgment of the district court as to the first four grants

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and REMAND for further proceedings not inconsistent with our opinion. As to grant five, we AFFIRM the district court because ITD waived its right to judicial review by failing to raise the issue of depreciation before the Assistant Secretary. For the foregoing reasons, the judgment of the district court is

AFFIRMED in part and REVERSED and REMANDED in part.⁸

VAN GRAAFEILAND, Circuit Judge, concurring in part and dissenting in part:

I agree with my learned colleagues that the district court did not err in dismissing the claim of the Institute for Technology Development ("ITD") under Grant V and concur in their affirmance of that dismissal. As to the remainder of my colleagues' holding, I respectfully dissent. A statement of the reasons for my dissent requires some reiteration of, and elaboration on, the facts contained in the majority opinion.

When, in 1983, the ITD asked Congress to furnish a portion of ITD's "start-up funds", the Economic Development Administration ("EDA") entered into an agreement with Arthur D. Little, Inc. to conduct a study of the feasibility of the proposed institution. Following a recommendation that federal participation in the program was warranted "on a demonstration basis," Congress appropriated \$7 million for EDA to use in this manner.

Thereafter, ITD submitted a 38-page "Task Force Report Blueprint for Action Initial Corporate Strategy" and a funding request for \$2 million. The report contained a projected first year budget entitled "Initial Budget Authorization/Projected First-Year Proposals." No item for depreciation was contained in this budget or anywhere else in the Task Force Report, and nowhere was there any mention of "indirect costs", which arguably might have been said to include depreciation.

In response to this request, the EDA made a \$2 million "DEMONSTRATION GRANT OFFER", which reads in pertinent part as follows:

The Economic Development Administration, in accordance with the objectives of section 301(f) of the Public Works and Economic Development Act of 1965, as amended, (hereinafter called "the Act") hereby offers to

The Institute for Technology Development Jackson, Mississippi

(hereinafter called "the Grantee") grant assistance, subject to the terms, conditions, and limitations as set forth herein and in the attached General Terms and Conditions. This award is for the purpose of assisting and enabling the Grantee to conduct a demonstration project to perform initial Institute staffing, planning, and implementation, which project is deemed useful and pertinent to the long range accomplishment of the objectives of the Act.

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The Grantee's proposal, "Task Force Report Blueprint for Action: Initial Corporate Strategy," of October 2, 1984 is hereby incorporated as part of this Grant Offer. To the extent that the proposal conflicts with this Grant Offer and/or applicable sections of the General Terms and Conditions of the demonstration grant, the Grant Offer and the General Terms and Conditions shall prevail.

I quote this pertinent portion in full because it is typical of the conditions and restrictions

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in each of the Grants that followed. In each of the Grants, the terms of ITD's proposal are incorporated in the Grant Offer except when the proposal's terms conflict with the Grant Offer or the applicable General Terms and Conditions, in which case the Grant Offer and General Terms and Conditions control the relations between the parties.

The following clauses in the General Terms and Conditions are therefore of controlling importance in each of the several Grants that were made:

The grant or cooperative agreement assistance hereby made available can be used only for the research project approved by the Economic Development Administration (EDA) and in conformity with the approved research budget.

.....

The Awardee shall keep such records as will fully disclose the amount and disposition of the total budgeted funds, the purpose or undertaking for which such funds were used....

On August 2, 1985, ITD submitted a Grant request for "\$5M of federal 'seed funds.' " This contained proposed budgets for the several ITD divisions, and nowhere was any mention made of depreciation or indirect costs. On September 30, 1985, the parties executed a second "DEMONSTRATION GRANT OFFER." The "maximum amount" was \$5 million, which was to be available for a period of one year. Once again, the relationship between the terms of the proposal, the Grant Offer and the General Terms and Conditions--i.e., the controlling effect of the Grant Offer and General Terms and Conditions--was stated specifically.

On February 10, 1987, ITD, as it was required to do, submitted a fund expenditure report covering the two above-described Grant Offers. The report mentions neither depreciation nor indirect costs. For purposes of illustration only, I attach as an exhibit a portion of the report covering the disposition of the \$2 million Grant. See Appendix.

On August 21, 1986, ITD requested an additional Grant of over \$6 million, and on September 30, 1986, a "DEMONSTRATION GRANT OFFER" in the amount of \$6 million was executed by the parties. A fourth "DEMONSTRATION GRANT OFFER" in the sum of \$3,900,273 was executed on September 30, 1987. Both the 1986 and 1987 awards incorporated the above-quoted provisions making the terms of the Grant Offer and General Terms and Conditions paramount.

It is clear and undisputed that none of the Grant proposals or agreements mentioned or included depreciation as a reimbursable expense. Moreover, evidence in the record demonstrates clearly that the parties did not intend that depreciation be included as such. EDA's position was stated by L. Joyce Hampers, Assistant Secretary for Economic Development, as follows:

The primary and determinative factor in our decision not to accept depreciation as an allowable substitute cost is that no one intended that depreciation be charged against the ITD grants.

ITD's failure to request in its Grant proposals that it be reimbursed for depreciation or indirect costs and its failure to treat any of the funds it received as such reimbursement, demonstrate that Ms. Hampers correctly stated its intent. The General Terms and Conditions provide that "[t]he Awardee shall keep such records as will fully disclose

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the amount and disposition of the total budgeted funds [and] the purpose or undertaking for which such funds were used." Moreover, both Office of Management and Budget ("OMB") Circular No. A-110 and the General Terms and Conditions, which were made a part of each award, provide for Periodical Progress and Budget Reports. These reports required the disclosure of each budgeted item and the amount spent on each. Finally, OMB uses a form entitled "Financial Status Report" which contains a separate bracket for "Indirect Expense", in which the grantee is directed by OMB to "enter total amount of indirect costs charged during the report." None of ITD's reports contained a claim for depreciation as a budgeted item, an expenditure, or an "Indirect Expense." Indeed, ITD did not even maintain a cost accounting system which would provide for the

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allocation of indirect costs such as depreciation. It was not until October 1989, after the Office of Inspector General had completed its draft audit report finding improper charges of millions of dollars in unallowable costs, that ITD first suggested the possibility of substituting depreciation for the costs found unallowable in the audit.

All of the above facts are undisputed. Indeed, it was on that basis that both sides moved for summary judgment in the district court. In parting company from my colleagues, I am disturbed at the outset by their disregard or actual rejection of these undisputed facts, a practice which we are not permitted to adopt. My colleagues say, for example, that they "find no evidence of the parties' intent", supra, at 452, and that "[t]he Assistant Secretary determined the parties' intent only from an examination of the documents in the record." Supra, at 448 n. 2. If we are guided to our conclusion by a review of the facts indicative of intent, I suggest that the above-described undisputed evidence of the conduct of the parties, particularly the conduct of ITD itself, establishes overwhelmingly that ITD did not ask for or expect to receive payment for depreciation. In all of the exchanges between the parties over a period of four years, the word "depreciation" is not mentioned once. However, while I am convinced that my colleagues mishandled established facts, my problem with the majority opinion is more broad-reaching in its scope than the majority's de novo review of evidence submitted to an administrative body.

In *Ford Motor Credit Co. v. Milhollin*, 444 U.S. 555, 568, 100 S.Ct. 790, 798, 63 L.Ed.2d 22 (1980), which involved the Federal Reserve Board's interpretation of the Truth in Lending Act, 15 U.S.C. Sec. 1601 et seq., Justice Brennan, writing for the Court, wisely stated that "a court that tries to chart a true course to the Act's purpose embarks upon a voyage without a compass when it disregards the agency's views." This, in brief, states an admonition that has guided our country's highest court for many years. See, e.g.:

Environmental Protection Agency v. National Crushed Stone Ass'n, 449 U.S. 64, 83 [101 S.Ct. 295, 307, 66 L.Ed.2d 268] (1980):

It is by now a commonplace that "when faced with a problem of statutory construction, this Court shows great deference to the interpretation given the statute by the officers or agency charged with its administration." *Udall v. Tallman*, 380 U.S. 1, 16 [85 S.Ct. 792, 801, 13 L.Ed.2d 616] (1965). [footnote omitted];

Blanding v. DuBose, 454 U.S. 393, 401 [102 S.Ct. 715, 719, 70 L.Ed.2d 576] (1982) (per curiam):

Finally, we have frequently stated that courts should grant deference to the interpretation given statutes and regulations by the officials charged with their administration. [citations omitted];

Howe v. Smith, 452 U.S. 473, 485 [101 S.Ct. 2468, 2476, 69 L.Ed.2d 171] (1981):

Because the Attorney General, and through him the Bureau of Prisons, are charged with the administration of Sec. 5003, their view of the meaning of the statute is entitled to considerable deference. [citations omitted];

Udall v. Tallman, 380 U.S. 1, 16, 85 S.Ct. 792, 801, 13 L.Ed.2d 616 (1965):

When faced with a problem of statutory construction, this Court shows great deference to the interpretation given the statute by the officers or agency charged with its administration.... When the construction of an administrative regulation rather than a statute is in issue, deference is even more clearly in order.

Adherence to the practice described in the above cases is particularly important where there is an ambiguity in the statute or regulation at issue. See:

Stinson v. United States, [--- U.S. ----, ----] 113 S.Ct. 1913, 1918 [123 L.Ed.2d 598] (1993):

Under *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 [104 S.Ct. 2778, 81 L.Ed.2d 694] (1984), if a statute is unambiguous the statute governs; if, however, Congress' silence or ambiguity has "left a gap for the agency to fill," courts must defer to the agency's interpretation so long as it

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is "a permissible construction of the statute." *Id.* at 842-843 [104 S.Ct. at 2781-82];

Federal Election Comm'n v. Democratic Senatorial Campaign Comm., 454 U.S. 27, 39 [102 S.Ct. 38, 46, 70 L.Ed.2d 23] (1981):

Hence, in determining whether the Commission's action was "contrary to law," the task for the Court of Appeals was not to interpret the statute as it thought best but rather the narrower inquiry into whether the Commission's construction was "sufficiently reasonable" to be accepted by a reviewing court. *Train v. Natural Resources Defense Council*, 421 U.S. 60, 75 [95 S.Ct. 1470, 1479, 43 L.Ed.2d 731] (1975); *Zenith Radio Corp. v. United States*, 437 U.S. 443, 450 [98 S.Ct. 2441, 2445, 57 L.Ed.2d 337] (1978). To satisfy this standard it is not necessary for a court to find that the agency's construction was the only reasonable one or even the reading the court would have reached if the question initially had arisen in a judicial proceeding. *Ibid.*; *Udall v. Tallman*, 380 U.S., at 16 [85 S.Ct. at 801]; *Unemployment Compensation Comm'n v. Aragon*, 329 U.S. 143, 153 [67 S.Ct. 245, 250, 91 L.Ed. 136] (1946).;

Unemployment Compensation Comm'n of Alaska v. Aragon, 329 U.S. 143, 153-54 [67 S.Ct. 245, 250, 91 L.Ed. 136] (1946):

The "reviewing court's function is limited." All that is needed to support the Commission's interpretation is that it has "warrant in the record" and a "reasonable basis in law." *Labor Board v. Hearst Publications, Inc.*, [322 U.S. 111, 131, 64 S.Ct. 851, 860-61, 88 L.Ed. 1170 (1944)]; *Rochester Telephone Corp. v. United States*, 307 U.S. 125 [59 S.Ct. 754, 83 L.Ed. 1147] (1939).

Although this Court has not been the most enthusiastic adherent to the above-stated principles, it would be a mistake to say that we disregard them. The Supreme Court's seminal decision in *Udall v. Tallman*, *supra*, has been cited by this Court on a host of occasions. See Vol. 1.6 *Shepard's United States Citations* at 497 (7th ed. 1994). Thus, in *First Gibraltar Bank, FSB v. Morales*, 19 F.3d 1032, 1036 (5th Cir.), cert. denied, --- U.S. ----, 115 S.Ct. 204, 130 L.Ed.2d 134 (1994), opinion vacated and superseded on other grounds, 42 F.3d 895 (5th Cir.1995), we said:

We are required to give deference to an executive agency's interpretation of a statute or regulation that the agency is responsible for administering. Of course, if the intent of Congress is clear, that intent will trump any agency interpretation to the contrary. If Congress did not directly address the precise question at issue, however, we must defer to the agency's interpretation of that statute as expressed in its regulations unless those regulations are arbitrary, capricious, or manifestly contrary to the statute. Deference is even more clearly in order when an agency construction of its own regulations is involved; the agency construction is controlling unless it is plainly erroneous or inconsistent with the regulation. [citations omitted]

See also:

Hawkins v. Agricultural Mktg. Serv., 10 F.3d 1125, 1129 (5th Cir.1993):

Legal issues, however, are " 'for the courts to resolve, although even in considering such issues the courts are to give some deference to the [agency's] informed judgment.' " *Faour v. United States Dep't of Agric.*, 985 F.2d 217,

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219 (5th Cir.1993)] (quoting Federal Trade Comm'n [v. Indiana Fed'n of Dentists, 476 U.S. 447, 454, 106 S.Ct. 2009, 2015, 90 L.Ed.2d 445 (1986)].;

Texas Mun. Power Agency v. Administrator of the United States Env'tl. Protection Agency, 836 F.2d 1482, 1488 (5th Cir.1988):

We are required to defer to any reasonable EPA construction of its enabling statutes. When resolving an apparent conflict among EPA regulations, even greater deference is in order. As the Supreme Court stated in *Udall v. Tallman*:

When the construction of an administrative regulation rather than a statute is in issue, deference is even more clearly in order.... "[T]he ultimate criterion is the administrative interpretation, which becomes controlling

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weight unless it is plainly erroneous or inconsistent with the regulation." [footnote citations omitted];

Coca-Cola Co. v. Atchison, Topeka, and Santa Fe Ry. Co. 608 F.2d 213, 222 (5th Cir.1979):

Nevertheless, even where the issue is one of pure law, such as interpretation of contracts, tariffs, regulations and statutes, room still is present for deference to the views of administrative agencies, particularly where the understanding of the problem is enhanced by the agency's expert understanding of the industry. [citations omitted]

United States v. Articles of Drug, 625 F.2d 665, 675 (5th Cir.1980):

Of course, when there is more than one reasonable interpretation, the court is bound to follow that of the agency. [footnote citations omitted]

In contrast to all of the above-cited authority, my colleagues state that "[a]s [their] analysis involves the interpretation of regulations, congressional policy, and contractual agreements--all of which involve issues of law--[their] review is de novo " and that they "owe no deference to the agency's determination." *Supra*, at 450. In support of this holding, they cite *Pennzoil Co. v. Federal Energy Regulatory Comm'n*, 789 F.2d 1128 (5th Cir.1986) and *Snug Harbor, Ltd. v. Zurich Ins.*, 968 F.2d 538 (5th Cir.1992), neither of which stands for the proposition they endorse. *Pennzoil* involved an agency interpretation of a contract between two private parties, and *Snug Harbor* did not involve an agency at all. This case, by contrast, involves an agency's action with respect to a grant program that it was charged by Congress to administer, and that agency's interpretation of grant terms and regulations with which it was thoroughly familiar.

In short, although I do not contend that the EDA's interpretation of its Grants is binding on this Court, I believe that when my colleagues undertook to conduct a completely de novo interpretation of these documents, they erred. I might be willing to overlook this error if my colleagues were correct in their "unmistakable conclusion that Circular A-122's general recognition of depreciation as an allowable indirect cost forms a basic part of the agreement between EDA and ITD." *Supra*, at 449. However, this "unmistakable conclusion" is wrong.

The principles enunciated in Circular A-122 are directed to be used "by all Federal agencies in determining the costs of work performed by nonprofit organizations under grants, cooperative agreements, costs reimbursement contracts, and other contracts in which costs are used in pricing, administration, or settlement." OMB could not have intended to mandate that depreciation be treated as an allowable cost in every one of the varied situations in which costs might be used in pricing, in administration, or in settlement. Circular A-122 takes this diversity into account when it provides that "[b]ecause of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect cost in all situation[s]." The Circular then elaborates:

However, typical examples of indirect cost for many nonprofit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration

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and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

A fair reading of this clause is that the word "may" in reference to the conduct of "many nonprofit organizations" is used in its ordinary sense as a word of authorization, not of command. See *Farmers and Merchants Bank of Monroe v. Federal Reserve Bank of Richmond, Virginia*, 262 U.S. 649, 662-63, 43 S.Ct. 651, 656, 67 L.Ed. 1157 (1923); *United States v. Lexington Mill & Elevator Co.*, 232 U.S. 399, 411, 34 S.Ct. 337, 340-41, 58 L.Ed. 658 (1914). As one treatise explains:

OMB Circulars do not determine whether [indirect] costs are reimbursable by the federal government. OMB has systems for calculating the amount of indirect costs if they are reimbursable. An essential prerequisite to the use of OMB's systems is the provision in grant agreements for the payment of indirect costs....

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1 Richard B. Cappalli, *Federal Grants & Cooperative Agreements* Sec. 4.53, at 282 (1991 Cum.Supp.) (emphasis in original).

Circular A-122 specifically provides that for costs to be allowable under an award they must be "reasonable for the performance of the award," must "[c]onform to any limitations or exclusions ... in the award as to types or amount of cost items," and must be "adequately documented." Each of the four Grants at issue herein specifically provides that the "Grant Offer and the General Terms and Conditions shall prevail," and the General Terms and Conditions that accompany each Grant Offer provide that "[t]he grant or cooperative agreement assistance hereby made available can be used only for the research project approved by the Economic Development Administration (EDA) and in conformity with the approved research budget." (emphasis supplied) As discussed above, none of the budgets submitted by ITD, let alone any approved by the EDA, provides for the reimbursement of indirect costs or depreciation.

If there is any ambiguity in the foregoing provisions, and I submit there is none, the ambiguity was resolved by EDA's administrative rulings, to which this Court should give consideration.

In 1989 and 1990, the Office of Inspector General of the United States Department of Commerce conducted two audits of ITD. The following brief excerpts from the final audit report furnish an enlightening backdrop for our review:

Our audit revealed significant, serious deficiencies in ITD's financial management system and procurement practices, which resulted in substantial waste and abuse of funds provided by the federal government and the \$3.7 million of improper claims. Moreover, it is quite clear that responsible officers and employees of ITD were fully aware that ITD's accounting methods and fiscal practices did not conform to federal financial standards, but made no effort to remedy the situation until we commenced our audit. Indeed, Institute officials simply chose to ignore certain federal requirements, such as Office of Management and Budget (OMB) circulars.

.....

During the course of our audit, it also became readily apparent that ITD's procurement practices violated federal standards, resulting in the improper and wasteful use of more than a million dollars in federal funds.

Specifically, since 1985 ITD has purchased [\$]1.1 million worth of goods and services through unjustified sole source contracts, in complete and purposeful disregard of federal requirements that mandate the maximum practicable competition in connection with procurements. The Institute consistently failed to execute adequate written contracts or agreements, which resulted in a serious lack of control over contractor performance and costs. ITD has also engaged in procurement practices which created, at the very least, the appearance of conflicts of interest and has countenanced employee activities in apparent violation of procurement conduct codes....

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ITD officials agree that by not having an overhead cost allocation system they were not complying with the federal standards in OMB Circular A-110....

Findings such as the foregoing encourage me in my belief that we should not reward the misconduct above described by a benevolent interpretation of the facts and the law at issue herein. In sum, regardless of whether we give some consideration to the EDA's holdings, as I believe we should, or whether we embark on a completely de novo review, I believe that the judgment of the district court should be affirmed. I so vote.¹

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APPENDIX

INSTITUTE FOR TECHNOLOGY DEVELOPMENT

ANALYSIS OF EXPENDITURES FOR

\$2 MILLION DEMONSTRATION FEDERAL GRANT

DESCRIPTION	AMOUNT
Salaries & Allowances	\$ 429,347.40
Consulting	552,976.42
Contractual	217,483.95
Insurance	44,917.92
Taxes	32,004.11
Retirement	26,409.00
Relocation Costs	40,495.88
Professional Development	5,321.28
Printing & Duplication	20,201.02
Postage & Express Mail	7,067.10
Telephone	27,399.99
Utilities	21.44
Rent	8,727.47
Equipment Rental	6,797.39
Repairs & Maintenance	11,298.94
Legal & Accounting	58,175.33
Other Professional Fees	133,725.33
Trustee Fees	2,713.50
Dues & Subscriptions	7,128.32

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Supplies 93,973.64

Travel 273,814.57

Total \$2,000,000.00

* Circuit Judge of the Second Circuit, sitting by designation.

1 From the first appropriation of seven million dollars, EDA awarded ITD a grant for two million dollars in January 1985 and a grant for five million dollars in September 1985. In September 1986, from the second appropriation of six million dollars, EDA awarded ITD a grant of six million dollars. In September 1987, from the third appropriation of four million dollars, EDA awarded ITD slightly less than four million dollars, with the remainder paying for the Study. Finally, in 1988, from the fourth appropriation of three million dollars, EDA awarded ITD a grant of three million dollars.

2 The Assistant Secretary determined the parties' intent only from an examination of the documents in the record. The Assistant Secretary noted that these particular grants prohibited the use of grant funds to pay for the purchase of capital assets. Awarding depreciation costs to ITD, the Assistant Secretary concluded, would effectively require EDA to pay for assets already paid for by Mississippi. This view, however, is contradicted by the Study, which proposed that federal funds be allocated to pay for "initial office and equipment requirements" for ITD. See *infra* Sec. IV(B)(3), p. 452. Although the grants do prohibit the purchase of these assets from federal funds, Circular A-122 provides that compensation for the use of these assets could be made by depreciation. Circular A-122 att. B Sec. C(9); see *infra* Sec. IV(B)(1), pp. 451-52.

3 EDA argues that ITD has waived its right to judicial review of grant five because of its failure to raise the issue of substituting depreciation for disallowed costs to the Assistant Secretary. In fact, the district court ruled that ITD waived its right to judicial review. We affirm the district court on this point. Because ITD failed to raise the issue of depreciation with respect to the final grant before the Assistant Secretary, ITD is foreclosed from raising it here. *Texas v. United States*, 866 F.2d 1546, 1561 (5th Cir.1989). Consequently, we will limit our review to ITD's first four grants.

4 The issue is narrowed by delineating what is not at issue on this appeal: ITD does not complain that the costs that EDA disallowed should have been allowed, but argues only that it should be allowed to substitute depreciation costs in place of these unallowable costs; EDA does not dispute that ITD has the right to substitute allowable costs for disallowed costs, but only contends that depreciation in this case is not an allowable substitute cost. Finally, in this case, we decide only that under the terms of the grants depreciation may be an allowable substitute cost.

5 We interpret this statement to mean that a grantee can charge both allowable direct and allocable indirect costs against the grant until he recovers the total amount of appropriated funds.

6 We reiterate that substitute costs on a particular grant are only allowable up to the total amount of that grant. The Assistant Secretary pointed out in her opinion to response to ITD's motion for reconsideration that costs equal to the entire award for the fourth grant were accepted and thus no substitute costs would be allowed. This consideration, of course, would be relevant in the district court's determination of the amount ITD will be allowed to claim for depreciation as a substitute cost.

7 It seems to us that such an observation disregards the very nature of a substitute cost. One would hardly expect to find a provision for a substitute cost in the initial grant papers; it is only after a cost reflected in the grant papers has been disallowed that a claim for a substitute cost arises.

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8 It is rather clear that the majority and the dissent have a fundamentally different concept of the issue presented in this case. The majority views the question as whether depreciation is an allowable substitute cost under these grants. The dissent, however, concludes that because ITD failed to claim depreciation originally in its Grant Requests, ITD cannot now claim depreciation as an allowable cost, substitute or otherwise.

The majority opinion does not stand for the proposition that any and all depreciation costs submitted by ITD are automatically allowable substitute costs. We hold only that depreciation may be an allowable substitute cost under these grants and that the parties did not intend otherwise. Whether individual claims of depreciation are allowable substitute costs is another question. On remand, the burden will plainly rest on ITD to prove that it is entitled to each claim of depreciation it asserts. It is thus clear that the district court will be free to examine to what extent depreciation may be allowed as a substitute cost on the various claims of ITD. In this connection, the district court, of course, may fully consider whether adequate records support ITD's claimed depreciation costs.

1 At the risk of initiating a ping-pong exchange of footnotes, I feel compelled to respond to footnote 8 of the majority opinion, particularly the portion thereof that erroneously describes the basis for my dissent, viz., "because ITD failed to claim depreciation in its Grant requests" it cannot claim it now. I do in fact state that the undisputed evidence of ITD's conduct "establishes overwhelmingly that ITD did not ask for or expect to receive payment for depreciation," supra, at 455. However, that statement is primarily in response to my colleagues' statement that they could find no evidence of the parties' intent. See *Schultz v. Metropolitan Life Ins. Co.*, 872 F.2d 676, 679 (5th Cir.1989). It is not the be-all and end-all of the dissenting opinion. A more accurate statement of the dissent's position is that it is predicated upon the unchallengeable fact that Grant assistance was available to ITD only if it conformed to an "approved research budget," and none of the budgets incorporated in the Grant agreements at issue herein contained any reference whatsoever to depreciation. In other words, the claims now being made for depreciation were not "otherwise allowable" under the Grant agreements, as required by Comptroller General Report B-208871.2, entitled "Substitution."

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Office of the Assistant General Counsel for Finance and Litigation
Federal Assistance Law Division

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Say What You Mean by Joseph Levine

“Say what you mean and mean what you say.” A simple prescription for clarity and understanding, but, as we shall see, often very difficult in application. On September 13, 1995, the Fifth Circuit Court of Appeals, in a two to one decision, reversed a District Court’s decision granting summary judgment for the government in the case of *Institute for Technology Development v. Brown*. Although the unique factual circumstances involved should minimize the precedential impact of this decision, it does raise some important issues we need to consider in crafting award language which deviates from the “norms” set forth in applicable OMB Circulars. This article is intended to acquaint you with substance of the Fifth Circuit decision and raise some issues we need to consider regarding the wording of Department of Commerce special award conditions.

BACKGROUND:

Between 1985 and 1988, in response to language in its Appropriations Acts, EDA awarded a series of five grants to the Mississippi Institute for Technology Development (“ITD”). The grants, made under EDA’s demonstration

project authority (42 U.S.C. § 3151(f)), were to “perform initial Institute staffing, planning and implementation”. Each award incorporated relevant OMB Circulars, including A-122. Each award also included a clause providing that the award “can be used only for the research project approved by the Economic Development Administration (EDA) and in conformity with the approved research budget”, and, consistent with Congressional intent that the funds be used only to pay for the “start up costs” of ITD, included a clause prohibiting the use of Federal funds “to pay for capital assets or other items not treated as expenses under accepted accounting principles”.

In response to an OIG audit, EDA disallowed over one million dollars in costs claimed by ITD. In its appeal, ITD requested that it be allowed to substitute unclaimed depreciation for much of the disallowed costs (a recipient may substitute other allowable costs for costs which have been disallowed, subject to any applicable cost ceiling. 2 *United States General Accounting Office Principles of Federal Appropriations Law* 10-75 (2d ed. 1992)). In her final audit appeal determination, the Assistant

Secretary for Economic Development denied this request, concluding that the above quoted award clauses supported the conclusion that depreciation was not intended to be an allowable cost under the awards. ITD filed suit, in U.S. District Court for the Southern District of Mississippi, seeking review of this conclusion under the Administrative Procedure Act. Applying the “arbitrary or capricious” standard set forth in 5 U.S.C. § 706(2)(A), and giving deference to the agency’s decision, the District Court granted summary judgment for the government. On appeal, in a two to one decision, the Fifth Circuit reversed.

The majority decision in the Fifth Circuit concluded that the issue was a question of law (interpreting the terms of the agreement and OMB Circular A-122, which the Court erroneously described as a **regulation** of a different agency). Consequently, the majority concluded that it owed **no** deference to the agency’s determination and it reviewed the matter *de novo*. The majority then decided that since the award was silent on the question of depreciation (apparently concluding that the special award conditions quoted above had no bearing on the issue), A-122 was specifically incorporated into the award, and A-122 recognized depreciation as an allowable cost, the District Court decision was incorrect and the case was remanded to that court where ITD will seek to prove its claims for depreciation.

ISSUES:

It is important to note that the sole issue in this case was the question of whether ITD was entitled to claim depreciation as a substitute cost. Not other issues

concerning the audit or disallowed costs were before the Court, nor did the court decide the merits of ITD’s claims for depreciation. It also must be stressed that, although the Assistant Secretary determined that depreciation was not intended to be an allowable cost under these awards and cited the above quoted clauses as support for this determination, depreciation was not specifically mentioned anywhere in the award documents other than the above noted reference in A-122. With these points in mind the question is “What should the Department have done to prevail in this case?”

With the benefit of “20-20 hindsight” it is easy to conclude that the Department should have specifically prohibited depreciation as an allowable cost under these awards and specifically noted an exception from the depreciation provisions of paragraph 9 of Attachment B of A-122. Unfortunately, few possess the prescience needed to specifically address such unanticipated issues in award conditions. However, since this decision clearly indicates that courts are willing to substitute their judgment for that of the program officials in the interpretation of award language, it is important that our awards, particularly where we wish to impose terms that differ from the general principles contained in the OMB Circulars, use clear language that is unlikely to be misinterpreted by subsequent tribunals.

Obviously, if program legislation so requires, awards may deviate from the cost principles established in OMB Circulars. The question as to what extent agencies may deviate from the cost principles in other cases, is less clear. The various circulars establishing

cost principles state that they are intended to promote uniformity among agencies and excerpctions are discouraged (see *e.g.*, the preamble to A-122, 45 Feg. Reg. 66022 (1980), and paragraphs 1, 3 and 8 of that Circular). On the other hand, paragraph 2.b. of Attachment A speaks of “limitations and exclsuions” in the award, and the Uniform Administrative Requirements, 15 CFR § 24.6 (c) and paragraph __.4 of A-110, both allow agencies to make case-by-case exceptions.

The best interpretation of these provisions is that while an agency may not create general exceptions to the cost principles without OMB approval, it may limit the amounts of particular costs it will pay under awards (*e.g.* indirect costs may not exceed 100% of direct), and, in individual awards, create exceptions for sound programmatic reasons. This conclusion is also supported by paragraph 5. *Policy* of new Circular A-87 (60 Fed. Reg. 26489 (1995)) which states:
“This Circular establishes principles and standards to provide a uniform approach for determining costs and promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. The principles are for

determining allowable costs only. **They are not intended to identify the circumstances or to dictate the extent of Federal and governmental unit participation in the financing of a particular Federal award.**” (Emphasis supplied)

Thus, when we are faced with situations where we want to deviate from the basic cost principles, it is imperative that we carefully examine the language of proposed special award conditions to ensure that they are clear, justified and accomplish the desired objective. In situations such as that faced by EDA in the award to ITD, where we wish to exclude a certain category of cost, armed with the knowledge that substitute costs may raise unanticipated issues (now we know what we meant to say), one possible solution might be to draft a special award condition specifically addressing deviations from the applicable Circular treatment of a specific cost item and/or limiting substitute costs only to budget categories contained in the approved budget submitted by the applicant.

Financial Assistance
And
The Bona Fide Need
Rule:



It's The Law

Office of the Assistant General Counsel for Finance and Litigation

Federal Assistance Law Division

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Financial Assistance And The Bona Fide Need Rule:
Severability No Longer An Issue

By Michelle McClelland

In a decision that could have significant impact on grants administration, the General Accounting Office (GAO) was presented with the issue of whether the Department of Education could use appropriations available for only one fiscal year to fully fund grant awards of multiple years in the case of two Education programs. See U.S. Department of Education's Use of Fiscal Year Appropriations to Award Multiple Year Grants (B-289801, December 30, 2002). The GAO held that Education could fully fund such grant awards, relieving agencies funding grants with annual appropriations or other time-limited funds from going through an often convoluted bona fide need analysis to determine whether the activities under a grant are severable or nonseverable. (Note: The bona fide need rule does not apply to no-year funds. 43 Comp. Gen. 657 (1964).) This relief is provided regardless of whether the grant at issue is to be a multi-year award or multiple year award. Unlike multiple year awards, which are fully funded for a period of more than one year, multi-year awards, by

definition, are financial assistance awards for a period of more than one year, which are partially funded when the award is made, and then are subsequently funded in increments. See Department of Commerce Grants and Cooperative Agreements Interim Manual, Chapter 3, A.29. Thus, while the distinction between a multiple year award and a multi-year award may remain for grants administration and definitional purposes, there is no difference between the two types of awards based on the fiscal law principles of the bona fide need rule and severability. Under either, a severability determination is now irrelevant to a bona fide need analysis.

Bona Fide Need Rule

The bona fide need rule establishes that an appropriation is available for obligation only to fulfill a genuine or bona fide need of the period of availability for which it was made. The GAO held that the rule applies to all federal government activities carried out with appropriated funds, including

contract, grant, and cooperative agreement transactions. An agency's compliance with the bona fide need rule is measured at the time the agency incurs an obligation. In the grant context, the obligation occurs at the time of award.

Bona Fide Need Rule and the Principle of Severability

In its discussion in the case, the GAO stated that, in a number of contexts, most notably government contracts for services, it had addressed whether the bona fide need rule is violated when an agency uses current fiscal year funds to pay for contractual services rendered subsequent to the end of that fiscal year. When services are severable, the bona fide need rule serves to limit the amount of a service contract charged to an available fiscal year appropriation. In 64 Comp. Gen. 359 (1985), relying on case law applying the bona fide need rule in the context of service contracts, the GAO held that NIH research project grants could not be funded for three fiscal years with fiscal year 1985 appropriations because the bona fide need rule would be violated. Since it could not be said that there was a need for an end product in any particular year or that the grants envisioned an end product, the GAO concluded that the bona fide need rule was violated when funds were obligated for more than one year for the grants, i.e., the grants were for severable services.

Three years later, however, in B-229873, November 29, 1988, the GAO noted that it significantly undercut the analysis used in the NIH decision. In this later decision, the GAO held that the SBA did not violate the bona fide need rule when it used its fiscal year appropriation on

September 30, the last day of the fiscal year, to award cooperative agreements to operate Small Business Development Centers even though the Centers would use the money in the next fiscal year. In essence, the GAO had concluded that the concept of severability was not relevant to the cooperative agreements at issue. In other words, the award constitutes the obligation, and upon award, the agency's need--to financially assist the awardee--is complete. In this latest Education case, the GAO reiterated that the application of the bona fide need rule found in the SBA case is the correct approach. It expressly recognized the fundamental difference between a contract and a grant or cooperative agreement and the significance this difference has on a bona fide need analysis. Contracts and grants are transactions that fulfill significantly different needs of an agency, the former to acquire goods and services and the latter to provide financial assistance.

Conclusion of Education Case

Thus, the GAO concluded: 1) for grants, the principle of severability is irrelevant to a bona fide need determination, and 2) a bona fide need analysis in the grant context focuses on whether the grants are made during the period of availability of the appropriation charged and further the authorized purposes of program legislation. Consequently, the duration of the grant award itself is irrelevant to a bona fide need determination. In other words, whether the activities under a grant are characterized as severable or nonseverable no longer legally mandate that an award be funded for only one year or funded in its entirety.

With regard to the specific two Education programs at issue, program authorizations for the GEAR UP Program and the Early Childhood Educator Program for FY 2001 did not provide explicit authority to award multiple year grants. In fact, prior to FY 2001, Education had funded the GEAR UP awards one year at a time. Nevertheless, the GAO found that Education’s award of 5-year, fully funded grants for the GEAR UP Program and 2-year, fully funded grants for the Early Childhood Educator Program was in accordance with the program legislation and fulfilled a bona fide need of the period for which the funds used were available. Absent from GAO’s opinion was any analysis of the severability of the activities to be carried out under the awards.

Caveat

The Education case contains a cautionary "but see" cite to 73 Comp.

Gen. 77 (1994), in which this case was described as follows: "bona fide need determination in the context of a cooperative agreement properly required assessing severability of research activities where agreement under which research was conducted more closely resembled a contract than a grant of financial assistance." In this 1994 case, the GAO held that the Fish and Wildlife Service could not incrementally fund "research work orders" of multiple year duration that were nonseverable. The Fish and Wildlife Service issued research work orders that were project-specific extensions of unit cooperative agreements. Thus, according to the GAO, the underlying character of the transaction must still be analyzed to determine whether it is in the nature of an acquisition of goods or services, or the provision of financial assistance. If it is the former, then an assessment of severability may still be required.

T h e U s e o f S e n t e n c i n g

THE USE OF SENTENCING
FINDINGS AS A
COLLATERAL ESTOPPEL WEAPON
IN
SUBSEQUENT CIVIL LITIGATION
Jonathan Scott Baker

NOTES

THE USE OF SENTENCING FINDINGS AS A
COLLATERAL ESTOPPEL WEAPON IN
SUBSEQUENT CIVIL LITIGATION

*Jonathan Scott Baker**

INTRODUCTION

Should plaintiffs or defendants be permitted to use judicial findings made in the limited setting of a federal criminal sentencing hearing as a weapon in subsequent civil litigation? In the contemporary U.S. justice system, a majority of prosecutions do not actually proceed to trial, but are resolved by a guilty plea.¹ There are numerous reasons that criminal prosecutions result in guilty pleas rather than a trial.² The rarity of criminal trials often leaves sentencing as the most important stage of the criminal process.³ In the federal system, before pronouncing the sentence a judge must make factual findings. These findings may relate to uncharged conduct that could later become the

* Candidate for Juris Doctor, Notre Dame Law School, 2010; B.A., Philosophy and Political Science, Pepperdine University, 2005. Special thanks to my parents, Richard Baker and Mary Baker for their love and constant guidance; to my siblings, Mara, Noah, Hannah, Libby, and Sarah for their love and support; to Jaime Padgett for her encouragement throughout my law school career; and to the members of the *Notre Dame Law Review* for their helpful comments and careful editing.

1 See Stephanos Bibas, *Judicial Fact-Finding and Sentence Enhancements in a World of Guilty Pleas*, 110 YALE L.J. 1097, 1150 (2001).

2 Some of the incentives that a defendant might have to plead guilty include a defendant's willingness to plead guilty to a lesser crime than that originally charged, or a defendant's hope to receive a more lenient sentence than he would receive if he contested the charge. See, e.g., *United States v. Montes*, 976 F.2d 235, 241 (5th Cir. 1992) (demonstrating the incentives a defendant has to plead guilty when two accomplices to the same crime received different sentences based on whether the accomplice pled guilty). A prosecutor may be motivated to offer a guilty plea by the prospect of eliminating the risk of a not guilty verdict, and the possibility of increasing the total number of cases that can be prosecuted.

3 See Bibas, *supra* note 1, at 1150–52.

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source of civil litigation. In many cases, because of the lack of a trial, most of the underlying facts surrounding the criminal offense are not fleshed out until the sentencing process. But in the limited context of a sentencing hearing many procedural rules that constrain litigants in civil or criminal trials are unavailable.

The federal system has a general policy favoring preclusion of issues that have been decided in previous litigation. It is well established that a criminal conviction by a jury verdict or a guilty plea has preclusive effect in subsequent civil litigation as to the issues which are identical to the matters necessarily decided by the judgment in the criminal case.⁴ On the other hand, whether a federal judge's criminal sentencing findings also have preclusive effect is not a settled issue. Some federal courts in civil suits have used the doctrine of collateral estoppel to prevent the relitigation of factual issues that were previously decided in the limited context of a sentencing hearing where the civil suit was based on the same set of underlying facts as the earlier criminal prosecution.⁵ This usually occurs when there is a civil suit for damages based on the same underlying set of facts as a previous criminal conviction. The most common scenario is when a civil suit is brought by a government agency based on the same underlying transaction as a previous criminal conviction. The SEC has argued that collateral estoppel should presumptively apply to sentencing findings on the same basis as it does in other contexts.⁶ One commentator has even claimed that there is no reason to treat sentencing findings differently than any other type of judgments. He argues that "[i]f a defendant can be sent to prison . . . on the basis of a sentencing finding, that finding should, as a general rule, also have preclusive effect in a civil suit."⁷ This commentator claims that "[i]f sentencing findings are an adequate basis for keeping people in prison, surely they must be an adequate basis for taking away people's money."⁸

Part I of this Note examines the current federal sentencing process. Part II explains the current state of the law regarding the preclu-

4 See, e.g., *United States v. Podell*, 572 F.2d 31, 35 (2d Cir. 1978).

5 See *Allen v. Los Angeles*, 92 F.3d 842 (9th Cir. 1996), *overruled on other grounds sub nom.*, *Acri v. Varian Assoc.*, 114 F.3d 999 (9th Cir. 1997) (en banc); *United States v. U.S. Currency in the Amount of \$119,984.00*, 129 F. Supp. 2d 476, 478 (E.D.N.Y. 2001), *vacated*, 304 F.3d 165 (2d Cir. 2002); *SEC v. Monarch Funding Corp.*, 983 F. Supp. 442, 444 (S.D.N.Y. 1997), *rev'd*, 192 F.3d 295 (2d Cir. 1999); *M. Prusman, Ltd. v. Ariel Maritime Group, Inc.*, 781 F. Supp. 248, 250 (S.D.N.Y. 1991); *Wilcoxson v. United States*, No. 97-14519, 2002 WL 127047, at *3 (Bankr. S.D. Ala. Jan. 2, 2002).

6 See *Monarch Funding*, 192 F.3d at 306.

7 Wystan M. Ackerman, Note, *Precluding Defendants from Relitigating Sentencing Findings in Subsequent Civil Suits*, 101 COLUM. L. REV. 128, 154 (2001).

8 *Id.*

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sive effect given to a judge's sentencing findings. Part III advocates that federal courts adopt a bright line rule that bars per se criminal sentencing findings from having preclusive effect in subsequent civil litigation. This argument is based on the Sixth⁹ and Seventh Amendments,¹⁰ as well as the problems of procedural and substantive fairness presented by this practice.

I. THE FEDERAL SENTENCING PROCESS

In 1984, Congress adopted the Sentencing Reform Act,¹¹ which established the Sentencing Commission and authorized the creation of the Federal Sentencing Guidelines.¹² The purpose of this legislation was to reduce judicial discretion in fixing criminal sentences and to increase uniformity across the federal system.¹³ At the time the Guidelines were adopted there was a widespread belief among policymakers that significant disparities existed among sentences for the same underlying acts both between different judges and between different regions, and that the enactment of a guidelines system was the best way to increase uniformity.¹⁴ The Sentencing Act created the United States Sentencing Commission (the "Commission") and instructed the Commission to develop sentencing guidelines which would allow for sentences to be fair, uniform and certain across the country. Congress hoped that this would eliminate any large disparities in sentence length among defendants who had similar previous criminal histories and had committed similar offenses.¹⁵

The Commission created a sentencing table to calculate the recommended sentencing range based on the defendant's conduct and the defendant's criminal history.¹⁶ Under the Guidelines, the crime for which the defendant was convicted sets the "base" offense level.¹⁷

9 The Sixth Amendment states, "In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed" U.S. CONST. amend. VI.

10 The Seventh Amendment states, "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law." *Id.* amend. VII.

11 Pub. L. No. 98-473, tit. II, ch. 2, 98 Stat. 1987 (codified as amended in scattered sections of 18 and 28 U.S.C.).

12 Max M. Schanzenbach & Emerson H. Tiller, *Reviewing the Sentencing Guidelines: Judicial Politics, Empirical Evidence and Reform*, 75 U. CHI L. REV. 715, 715 (2008).

13 *Id.*

14 *Id.*

15 *Id.* at 718.

16 *Id.* at 718-19.

17 *Id.*

Other factual circumstances surrounding the crime, such as whether the defendant violated securities laws while committing the offenses,¹⁸ whether the defendant had a leadership role,¹⁹ the amount of the loss,²⁰ or whether the defendant accepted responsibility for the crime,²¹ add or subtract levels to the offense.²² The defendant's criminal offense history is calculated based on the prior offenses committed by the offender, with greater weight given to more serious offenses and patterns of criminal behavior.²³ The offense level and the defendant's criminal history are then combined to create a sentencing range of a certain number of months.²⁴

With the help of a probation officer who prepares a presentence report, the district court makes factual findings that determine the offense level.²⁵ The district court judge has full discretion in determining how to accumulate and use evidence in making these factual findings.²⁶ Under the Guidelines prior to the decision in *United States v. Booker*,²⁷ a sentencing judge's adjustment to the base offense level based on the judge's factual findings could only be reversed if the findings were "clearly erroneous."²⁸ This left little to appeal, because under the pre-*Booker* Guidelines, if the defendant's offense level and criminal history were properly calculated, the sentence pronounced by the district court could not be reversed on appeal.²⁹

One exception under the Guidelines as originally enacted allowed sentencing judges to deviate from the Guidelines if they identified "an aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into consideration by the Sentencing Commission in formulating the guidelines that should result in a sentence different from that described [by the Guidelines]."³⁰ In order to justify a departure, the sentencing judge was required either to make a statement in open court or to write an opinion.³¹ Appellate

18 U.S. SENTENCING GUIDELINES MANUAL § 2B1.1(b)(5)(A) (2008).

19 *Id.* § 3B1.1(a).

20 *Id.* § 2B3.1(b)(7).

21 *Id.* § 3E1.1(a).

22 *Id.* §§ 1B1.1(b)–(c) (instructing courts to set the "level" of the offense on the basis of factors in the guidelines).

23 *See id.* §§ 4A1–B1.

24 *See id.* § 5A.

25 *See* Schanzenbach & Tiller, *supra* note 12, at 719–20.

26 *See infra* text accompanying notes 180–83.

27 543 U.S. 220 (2005).

28 18 U.S.C. § 3742(e) (2006).

29 *See id.* § 3742(a)–(b).

30 *Id.* § 3553(b)(1) (2006).

31 *Id.* § 3553(c).

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courts were permitted de novo review of a district court's departure from the Guidelines.³²

Despite the fact that the Guidelines are no longer mandatory because of the Supreme Court's decision in *Booker*,³³ the sentencing process still works in largely the same manner. The probation officer compiles a presentence report, the judge makes factual findings (often based in large part on the presentencing report), and the judge then determines the sentencing range based on those findings and finally pronounces a sentence.³⁴

II. CURRENT STATE OF THE LAW

After the adoption of the Sentencing Guidelines in 1984, federal courts were presented with opportunities to apply collateral estoppel to a judge's sentencing findings. Most of the early federal courts did not find application of collateral estoppel to sentencing findings to be problematic from either a prudential or constitutional perspective. The first federal appellate court to actually undertake an in-depth treatment of this issue was the Second Circuit in 1999 in *SEC v. Monarch Funding Corp.*³⁵ The *Monarch Funding* court reversed a district court decision granting summary judgment based on the preclusive effect of earlier sentencing findings. But instead of adopting a per se ban that would prevent sentencing findings from ever having preclusive effect, the *Monarch Funding* court left the door open for sentencing findings to have preclusive effect under some circumstances. Other courts in multiple circuits have subsequently adopted the rule of *Monarch Funding*.

A. Early Cases

Before the *SEC v. Monarch Funding* decision in 1999, several courts discussed the use of sentencing findings to preclude issues in subsequent litigation. Although the holdings of these cases did not hinge on whether or not sentencing findings would be given preclusive effect, several of these courts implied that they did not find the preclusive use of sentencing findings to be problematic. The most notable early case discussing preclusion based on sentencing findings

32 *Id.* § 3742(e).

33 *See infra* text accompanying notes 121–28.

34 *See infra* text accompanying notes 123–28. Since the *Booker* decision, sentencing judges have generally imposed sentences within the Guideline range. Deborah Young, *The Freedom to Sentence: District Courts After Booker*, 37 McGEORGE L. REV. 649, 685–86 (2006).

35 192 F.3d 295 (2d Cir. 1999).

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was *Allen v. Los Angeles*.³⁶ In this case, Los Angeles claimed that pursuant to state law it did not have to pay for the defense of officers in a civil action because the officers had acted with “actual malice” towards a victim during a beating incident.³⁷ Los Angeles claimed, and the district court agreed, that the jury verdict precluded the officers from arguing that they had acted without “actual malice” as defined by California law.³⁸ On appeal, the Ninth Circuit affirmed the district court’s judgment holding that “both the criminal verdict and the sentencing opinion are a basis for collateral estoppel on the issue of whether [the officers] acted with ‘actual malice’ under the [California] statute.”³⁹ Although the *Allen* court did not use sentencing findings as the sole basis for preclusion,⁴⁰ it did not find the preclusive use of sentencing findings to be problematic as either a prudential or constitutional matter. Instead the court implied that it might have used the sentencing findings as an independent basis for collateral estoppel.⁴¹

Other courts have dealt with the preclusive effect of sentencing findings in contexts different from that of a plaintiff or defendant seeking to use the findings in subsequent civil litigation. The Seventh Circuit in *Levesque v. Brennan*⁴² noted in dicta that where a sentencing judge “clearly” made “factual findings to resolve” disputed facts, a collateral estoppel argument based on those findings would “have merit” in subsequent litigation before the Parole Commission.⁴³ Also, a fed-

36 *Allen v. Los Angeles*, 92 F.3d 842 (9th Cir. 1996), *overruled on other grounds sub nom. Acri v. Varian Assoc.*, 114 F.3d 999 (9th Cir. 1997) (en banc). The underlying event of *Allen* was the controversial Rodney King beating by Los Angeles police officers. *Id.* at 845. The officers were individually convicted of “intentional use of unreasonable force by one making an arrest under color of law” and “depriving King of the Constitutional right to be kept free from harm while in official custody,” in violation of federal law. *Id.* After the conviction of the officers, King filed a § 1983 civil suit against the police officers. *Id.*

37 *Id.*

38 *Id.* The court determined that in order to satisfy the standard for “actual malice” under California Government Code section 996.4, the government only needed to prove the officers acted with “deliberate wrongful intent.” *Id.* at 848 (quoting A. VAN ALSTYNE, CALIFORNIA GOVERNMENT TORT LIABILITY app. 781 (1980)).

39 *Id.* at 850 (quoting CAL. GOV’T CODE § 996.4 (West 1995)).

40 *See id.* (“In this instance, the district court’s sentencing opinion adds additional support to the criminal jury findings.”).

41 *See id.* But *see* Maciel v. Comm’r, 489 F.3d 1018, 1025–26 (9th Cir. 2007) (asserting that the court in *Allen* merely offered the sentencing findings as added support for the judgment based on the criminal conviction).

42 864 F.2d 515 (7th Cir. 1988).

43 *Id.* at 518 (holding that where a sentencing judge had not made explicit factual findings, the Parole Commission was not required to follow the sentencing judge’s computation of victim loss).

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eral district court in West Virginia held that a defendant could use a judge's sentencing findings in order to dismiss a later indictment based on an issue arising in the earlier sentencing hearing.⁴⁴ On a similar issue, a district court in Virginia held that a finding by a judge that is necessary to a refusal to make an upward departure at a sentencing hearing has a preclusive effect on a later indictment based on the same set of facts.⁴⁵

The first time a district court within the Second Circuit precluded reconsideration of an issue in civil litigation based on previous judicial sentencing findings in a published case⁴⁶ was in *M. Prusman, Ltd. v. Ariel Maritime Group, Inc.*⁴⁷ Forgoing extensive analysis, the *Prusman* court held that a sentencing court's determination after a guilty plea that the defendants "controlled" a corporation had a collateral estoppel effect in a subsequent civil suit.⁴⁸ Specifically, the *Prusman* court held that sentencing findings satisfied all the requirements for collateral estoppel: (1) final judgment, (2) identity of parties, (3) identity of issues that were necessarily decided in the prior proceeding, and (4) a "full and fair opportunity to litigate the pertinent issues."⁴⁹

B. SEC v. Monarch Funding

As mentioned previously, the court that most thoroughly analyzed the issue of the preclusive effect of sentencing findings in subsequent civil litigation was the Second Circuit in *SEC v. Monarch Funding Corp.* The SEC initially filed suit in the Southern District of New York in 1985 alleging that Richard O. Bertoli, an employee of the securities

44 *United States v. Plaster*, 16 F. Supp. 2d 667, 671–72 (W.D. Va. 1998) (holding that where a sentencing judge accepted the defendant's version of a transaction, the defendant could not be later prosecuted for false swearing based on the testimony that had been previously accepted by sentencing judge).

45 *United States v. Biheiri*, 341 F. Supp. 2d 593, 604 (E.D. Va. 2004) (holding that because judge's factual finding was "necessary and material" to the rejection of the government's request for an upward departure, a subsequent indictment containing allegations contrary to that previous factual finding must be dismissed).

46 Brief of Amici Curiae New York Counsel of Defense Lawyers et al. at 8, *SEC v. Monarch Funding Corp.*, 192 F.3d 295 (2d. Cir. 1999) (No. 98-6120), 1998 WL 34093874 [hereinafter Defense Lawyers Brief].

47 781 F. Supp. 250 (S.D.N.Y. 1991).

48 *Id.* at 252. In *Prusman*, the criminal defendant, Merritt, had pled guilty to conspiracy to commit fraud involving submission of false bills of lading. *Id.* at 250. The sentencing judge found that Merritt had control of the corporation through which the false bills of lading had been submitted. *Id.*

49 *Id.* at 252 ("[The sentencing judge's] finding that the Merritts controlled Broadview for their own unlawful purposes binds Merritt here under the *Gelb* test." (citing *Gelb v. Royal Globe Ins. Co.*, 798 F.2d 38, 44 (2d Cir. 1986))).

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brokerage firm Monarch Funding, in connection with the issuance of two securities had violated numerous provisions of federal securities laws.⁵⁰ The SEC sought a permanent injunction and disgorgement of the defendant's ill-gotten gains as relief.⁵¹ The civil case was suspended pending the outcome of a related federal criminal matter being prosecuted in the District of New Jersey.⁵² The indictment of the criminal case charged Bertoli with two racketeering counts under RICO, and several obstruction of justice counts.⁵³ This activity was the same underlying conduct as in the SEC civil suit.⁵⁴ Following a three-month trial, Bertoli was convicted of one count of obstruction of justice and one count of conspiracy to obstruct justice.⁵⁵ On the other hand, Bertoli was acquitted of the RICO charges, which included as predicate acts the securities violations alleged by the SEC in the civil suit.⁵⁶ In pronouncing Bertoli's sentence for obstruction of justice, the district court judge found that Bertoli had committed the securities fraud alleged by the indictment, even though the jury had acquitted him of this offense.⁵⁷

After the conclusion of the criminal action, the SEC moved for summary judgment in the civil suit on the grounds that the sentencing findings in the criminal action precluded Bertoli from disputing liability for securities violations.⁵⁸

50 SEC v. Monarch Funding Corp., 983 F. Supp. 442, 444 (S.D.N.Y. 1997), *rev'd*, 192 F.3d 295 (2d Cir. 1999). Specifically, the SEC accused Bertoli of orchestrating artificial increases in the prices of several stocks by publishing misleadingly favorable research reports of the stocks at a profit while leaving other investors to take losses. *Monarch Funding*, 192 F.3d at 299–300. In other words, Bertoli was operating a classic “pump-and-dump” scheme.

51 *Monarch Funding*, 192 F.3d at 298. The SEC alleged violations of section 10(b) of the Securities Act of 1934, Rule 10b-5, and sections 5(a), 5(c), and 17(a) of the Securities Act of 1933. *Id.*

52 *Id.* at 299.

53 *Id.*

54 *Id.*

55 *Id.*

56 *Id.*

57 See *United States v. Bertoli*, 854 F. Supp. 975, 1128–30 (D.N.J. 1994). The specific Guideline applicable to obstruction of justice, Section 2X3.1, applied in Bertoli's case by the sentencing judge at Bertoli's initial sentencing provided that the offense level was to be calculated on the basis for the criminal conduct underlying the investigation obstructed by the defendant. See *id.* at 1144–46 (citing U.S. SENTENCING GUIDELINES MANUAL § 2X3.1 (1993)). In Bertoli's resentencing, the sentencing judge explicitly adopted the factual findings made in the previous sentencing opinion and made further findings specifically applicable to the Guideline applied in the resentencing. *United States v. Bertoli*, (D.N.J. Mar. 22, 1995).

58 *Monarch Funding*, 192 F.3d at 303.

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The district court agreed with the SEC and granted summary judgment on liability against Bertoli for the § 10(b), Rule 10b-5 and § 17(a) securities violations in the civil case.⁵⁹ In its opinion, the district court acknowledged the problems fraught in giving sentencing findings preclusive effect,⁶⁰ but nonetheless held that each of the four requirements of collateral estoppel were met by the New Jersey district court's sentencing findings.⁶¹ Most importantly, the district court held that despite the absence of particular procedural devices in a sentencing hearing that are available in a civil trial, Bertoli had been given a "full and fair" opportunity to litigate the relevant facts during the sentencing phase of the trial because the sentencing judge had allowed Bertoli to call witnesses and dispute both the presentence report and the final Guidelines calculation.⁶² The district court also found that there was an identity of issues,⁶³ that the issues were "actually litigated and decided" in the sentencing proceeding,⁶⁴ and that the sentencing judge's findings of fact were "necessary to the imposition" of the sentence.⁶⁵

The Second Circuit in *Monarch Funding* reversed the district court and declined to apply collateral estoppel to the sentencing findings made in Bertoli's criminal case. The *Monarch Funding* court began its analysis of the collateral estoppel issue with an extensive discussion of the competing policy goals of fairness, efficiency, and uniformity, all of which the doctrine of collateral estoppel promotes.⁶⁶ The *Monarch Funding* court construed the four traditional prerequisites of collateral

59 *Monarch Funding*, 983 F. Supp. at 458–59.

60 The district court indicated that the application of collateral estoppel to sentencing findings could be problematic because of the limited "procedural protections" available in a sentencing hearing as compared to a "plenary civil action." *Id.* at 447. Despite these misgivings, the district court concluded that the lack of certain procedural protections in a sentencing hearing was not fatal to such an attempt at preclusion if the court undertook a "searching examination" of the sentencing proceedings and determined that the defendant had a "full and fair opportunity to litigate the relevant issues." *Id.* at 448.

61 *Id.* at 458.

62 *Id.* at 449–50. During the two-year period between Bertoli's conviction and his ultimate sentencing, the parties made multiple submissions contesting various sentencing issues and participated in at least two hearings. *Id.*

63 *Id.* at 453 & n.15.

64 *Id.* at 449.

65 *Id.* at 450–57. The district court in great detail explained how under the Guidelines the sentencing judge could not have imposed the final sentence imposed on Bertoli without making the disputed factual findings. *Id.*

66 *SEC v. Monarch Funding Corp.*, 192 F.3d 295, 303–05 (2d Cir. 1999). Encompassed within the goal of "efficiency" is judicial economy, avoidance of repetitive litigation, and ensuring an end to a dispute. *Id.* at 303. For an extensive discussion of

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estoppel⁶⁷ as a means of “strik[ing] an appropriate balance between [these] competing concerns” and sought to strike the same balance on the issue of the preclusive effect of sentencing findings.⁶⁸ The two fairness concerns identified by the court in the use of sentencing findings to preclude subsequent litigation were: (1) the existence of procedural devices in the civil action that are unavailable to litigants in a sentencing proceeding;⁶⁹ and (2) the fact that a party may not have an incentive to litigate a factual issue as fiercely in the context of a sentencing hearing as in a plenary civil trial.⁷⁰ Regarding efficiency, the court then found that any efficiency benefits were limited because giving sentencing findings preclusive effect could complicate the sentencing process⁷¹ and would not necessarily make the civil action simpler because of the close judicial scrutiny of sentencing findings required in the civil action.⁷²

After weighing the competing policy concerns the court rejected a per se ban and instead adopted a presumption against the applica-

these policy concerns, see *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326–31 (1979).

67 The requirements for issue preclusion or collateral estoppel in the federal system are: (1) the issues in both proceedings must be identical; (2) the issue in the prior proceeding must have been actually litigated and actually decided; (3) there must have been a full and fair opportunity for litigation in the prior proceeding; and (4) the issue previously litigated must have been necessary to support a valid and final judgment on the merits. See *Anderson v. Genuine Parts Co.*, 128 F.3d 1267, 1273 (8th Cir. 1997); *Aircraft Braking Sys. Corp. v. Local 856, UAW*, 97 F.3d 155, 161 (6th Cir. 1996); *Monarch Life Ins. Co. v. Ropes & Gray*, 65 F.3d 973, 978 (1st Cir. 1995); *Gjellum v. City of Birmingham*, 829 F.2d 1056, 1059 n.4 (11th Cir. 1987); *Gelb v. Royal Globe Ins. Co.*, 798 F.2d 38, 44 (2d Cir. 1986); *Garza v. Henderson*, 779 F.2d 390, 393 (7th Cir. 1985); *Bulloch v. Pearson*, 768 F.2d 1191, 1192 (10th Cir. 1985); *White v. World Fin. of Meridian, Inc.*, 653 F.2d 147, 151–52 (5th Cir. 1981); 18 CHARLES ALAN WRIGHT ET AL., *FEDERAL PRACTICE AND PROCEDURE* § 4416, at 390–93 (2d ed. 2002).

68 *Monarch Funding*, 192 F.3d at 304.

69 The court specifically focused on the lack of opportunities for a criminal defendant to take discovery, the absence of a right for a criminal defendant to present witnesses or receive a “full-blown evidentiary hearing,” and the fact that evidence barred by the Federal Rules of Evidence can be considered by a sentencing judge. *Id.* at 305–06.

70 A criminal defendant may (and often does) choose not to dispute a factual issue based on hope of a downward departure or other recommendation by the prosecutor. *Id.* at 305.

71 The court suggested that allowing sentencing findings to have a preclusive effect in subsequent civil litigation could lead the parties at sentencing to heavily litigate matters which although only “tangential[ly]” related to the criminal proceeding would have great importance if given preclusive effect in subsequent civil litigation. *Id.*

72 *Id.* at 306.

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tion of collateral estoppel to sentencing findings. Although the court found arguments for a per se ban on the use of sentencing findings to be “attractive,” the court ultimately rejected these arguments.⁷³ To reach this conclusion, the court leaned heavily on the Supreme Court’s decision in *Parklane Hosiery Co. v. Shore*.⁷⁴ The *Monarch Funding* court reasoned that because the Supreme Court had considered these same concerns of fairness and efficiency in *Parklane* and had rejected a per se ban on nonparty offensive collateral estoppel in favor of a flexible rule, presuming that district courts would fairly apply offensive collateral estoppel, a similar policy should be adopted concerning the preclusive effect of criminal sentencing findings.⁷⁵ But, unlike *Parklane*’s treatment of offensive collateral estoppel as an ordinary preclusion issue with no special presumptions,⁷⁶ the *Monarch Funding* court stated that because of the special concerns involved, a presumption against extending collateral estoppel to sentencing findings was appropriate. Based on this reasoning, this court held that collateral estoppel should only be extended where the proponent could prove that it would be “clearly fair and efficient to do so.”⁷⁷

Applying this analytical framework to the Bertoli sentencing findings, the court held that the SEC had failed to show that preclusion was fair, and that the record demonstrated that application of collateral estoppel in this case was not efficient.⁷⁸ The court purported to apply a heightened standard because of the nature of the sentencing proceedings, but ultimately conducted a standard preclusion analysis using the four requirements of collateral estoppel.⁷⁹ Using the standard preclusion analysis the court determined that the sentencing judge’s factual findings were not actually *necessary* to the final sentence pronounced.⁸⁰ As an alternative ground for the judgment, the court also held that efficiency concerns were not implicated to a sufficient degree to justify the application of estoppel to the issue of the defendant’s liability for securities violations.⁸¹

73 *Id.* at 305.

74 439 U.S. 322 (1979) (holding that despite possible fairness concerns, offensive use of collateral estoppel by a nonparty in the previous litigation was permitted in some circumstances).

75 *Monarch Funding*, 192 F.3d at 306.

76 *Parklane Hosiery*, 439 U.S. at 331.

77 *Monarch Funding*, 192 F.3d at 306.

78 *Id.* at 306–07.

79 *Id.* at 307–08.

80 *Id.* at 306–07.

81 *Id.* at 309–10.

Although the *Monarch Funding* court's analysis prevented application of collateral estoppel to sentencing findings in the Bertoli civil case, and suggested that it would not be appropriate in most cases, this opinion has several important flaws. First, the opinion claimed that its analytical framework treats sentencing findings differently than other potential bases for preclusion. However, the court's actual analysis of Bertoli's case treated sentencing findings as essentially a standard preclusion issue, subject to the same considerations.⁸² This provided district courts with little guidance as to how sentencing findings should be treated differently from other judgments.⁸³ This deficiency was revealed in later cases where courts and litigants were unclear how to apply the presumption articulated in *Monarch Funding*.⁸⁴ Second, the *Monarch Funding* opinion completely failed to consider how the unique nature of sentencing findings, as compared to other contexts where a judge makes factual findings, could implicate the Seventh Amendment right to a jury trial in later cases.⁸⁵

C. *Monarch Funding's Progeny in the Second Circuit*

The majority of district court cases following the *Monarch Funding* analysis have declined to give sentencing findings preclusive effect. However, the scant reasoning of the courts in the cases where they declined to preclude based on sentencing findings, as well as the fact that some district court judges actually have given preclusive effect to sentencing proceedings, illustrates that there are problems with the *Monarch Funding* approach.

In *United States v. Lamanna*,⁸⁶ one of the first post-*Monarch* cases where a court considered the issue, the Western District of New York declined to apply collateral estoppel to federal sentencing findings. But the court indicated that it would have been willing to do so if

82 See *id.*

83 See *infra* Part II.C. for instances where district courts struggled with application of the *Monarch Funding* analysis.

84 See, e.g., *SEC v. Zafar*, No. 06-CV-1578, 2009 WL 129492, at *5–6 (E.D.N.Y. Jan. 20, 2009) (claiming that the litigant seeking to ascribe preclusive effect needed to make an affirmative demonstration of why it was clearly efficient to do so in that case); see also *United States v. U.S. Currency in the Amount of \$119,984.00*, 129 F. Supp. 2d 471 (E.D.N.Y. 2001), *rev'd*, 304 F.3d 165, 174 (2d Cir. 2002) (failing to properly apply the *Monarch Funding* analytical framework).

85 *Monarch Funding*, 192 F.3d at 304 (citing *Parklane Hosiery Co. v. Shore*, 439 U.S. 332, 336 (1979)). It is well established that the Seventh Amendment does not apply to cases that would have been tried in equity at the time of the Amendment's ratification. See *infra* notes 151–53 and accompanying text.

86 114 F. Supp. 2d 193 (W.D.N.Y. 2000).

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presented with a slightly different set of facts.⁸⁷ This court applied the *Monarch Funding* standard and, without extensive explanation, determined that application of collateral estoppel was not appropriate because of the particular facts of the case.⁸⁸ Implicit in this decision was that if the statutory framework had been slightly different,⁸⁹ or if the government had presented different proof,⁹⁰ collateral estoppel would have been appropriate. *Lamana* illustrates the important point that the *Monarch Funding* approach will not prevent sentencing findings from having collateral effect in all cases. Had the statutory scheme been slightly different, or if the sentencing findings had been precisely on point, the court may have found it appropriate to apply collateral estoppel to prevent a defendant from disputing facts which he never admitted in a guilty plea and which no jury ever determined.

The result of another case, the forfeiture proceeding of *United States v. U.S. Currency in the Amount of \$119,984.00*,⁹¹ gave further indication that the *Monarch Funding* analysis may be difficult for district courts to apply. In this case, applying *Monarch Funding*'s analytical framework, the district court held that the sentencing judge's factual finding that the defendant had acquired the funds legally precluded the government from arguing otherwise in the civil trial.⁹² The

87 *Id.* at 197. In *Lamanna*, the defendant had previously pled guilty to a single-count felony information of making a false statement in order to obtain federal employee compensation in violation of 28 U.S.C. § 1920 based on a false statement he made on a single form (the "June 1996 form"). *Id.* at 194. The sentencing judge in the criminal action determined the total amount of loss to the government to be \$404,073 and ordered the defendant to pay restitution in the amount of \$119,432.54 based on fifteen monthly disability checks cashed by the defendant in the fifteen months prior to submitting the false statement. *Id.* In the subsequent civil action, the federal government sought to recover civil damages and penalties pursuant to the False Claims Act, 31 U.S.C. § 3730. The government argued that collateral estoppel prevented the defendant from denying liability for the submission of the June 1996 form (the facts underlying the guilty plea), as well as for cashing the 15 disability checks (the facts underlying the sentence of restitution). *Lamanna*, 114 F. Supp. 2d at 197.

88 *Lamanna*, 114 F. Supp. 2d at 197.

89 *See id.* (indicating that if the burden of proof for the False Claims Act had been met by the sentencing findings then it would have been appropriate to apply collateral estoppel).

90 *See id.* (explaining that the government had not provided sufficient information to apply collateral estoppel).

91 129 F. Supp. 2d 471 (E.D.N.Y. 2001), *rev'd*, 304 F.3d 165 (2d Cir. 2002).

92 *Amount of \$119,984.00*, 129 F. Supp. 2d at 476–78. The court found that the requirements for collateral estoppel were met and that it was "clearly fair and efficient" because the government had waited until two years after the sentencing proceeding to pursue the forfeiture action. *Id.* at 478.

judge then granted summary judgment to the defendant on this basis.⁹³

Like *Monarch Funding*, the Second Circuit reversed this decision. The court held that the government did not have a “full and fair opportunity to litigate” the disputed issue, and also stated that the necessary threshold showing of efficiency had not been made.⁹⁴ Although the court did not indicate that the analysis in this case differed from *Monarch Funding*’s analysis, the factors that this court relied on in determining that estoppel was inappropriate in this particular case are factors that exist in all scenarios involving sentencing hearings and subsequent civil litigation. Although the case was not decided on efficiency grounds,⁹⁵ in terms of the efficiency prong of the *Monarch Funding* analysis, the court found that that application of collateral estoppel would have borne minimal efficiency gains in this case because the government surely would have litigated the issue more fiercely if it had “anticipated the application of collateral estoppel based upon sentencing findings.”⁹⁶ This rationale is somewhat peculiar in that this type of speculation could be made in every case.⁹⁷ Similarly, regarding fairness, the court relied on the existence of a number of procedural mechanisms that were different in the criminal proceeding than in the civil litigation, mechanisms that are unavailable in *any* sentencing hearing.⁹⁸

Unlike *Monarch Funding*, the court in *Amount of \$119,984.00* made a strong demonstration on grounds particular to sentencing proceedings why application of collateral estoppel was not appropriate in that case. However, these were facts that are common to any sentencing hearing. As a result, the court did not adopt a per se ban, but instead decided the case on grounds that exist universally. The court gave little guidance as to how a district court would be able to

93 *Id.* at 481.

94 *United States v. U.S. Currency in the Amount of \$119,984.00*, 304 F.3d 165, 173–79 (2d Cir. 2002).

95 *Id.* at 174 (“Nevertheless, the prospect of even a minor efficiency benefit from the application of estoppel in this case makes it difficult for us to conclude definitively that ‘the doctrine will not promote efficiency’ in the forfeiture proceedings, and therefore we will not ‘deny preclusion for that reason alone.’” (quoting *SEC v. Monarch Funding Corp.*, 192 F.3d 295, 310 (2d Cir. 1999))).

96 *Amount of \$119,984.00*, 304 F.3d at 174.

97 This is especially true considering that the judge in this case actually broached the issue of collateral estoppel in the sentencing hearing itself. *Id.* at 169–70 (quoting the sentencing hearing transcript).

98 *Id.* at 176–77 (holding that the government lacked a full and fair opportunity to litigate because they lacked “procedural mechanisms” available in a civil trial, such as the ability to compel the testimony of the defendant).

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distinguish between cases where preclusion on the basis of sentencing findings would be appropriate and when it would not be appropriate.

In another interesting twist, one district court prior to the *Monarch Funding* decision initially granted summary judgment apparently on the grounds of collateral estoppel related to sentencing findings.⁹⁹ But, after the *Monarch Funding* opinion, the district court reconsidered the issue and determined that it had not granted summary judgment on collateral estoppel grounds, but rather because of all of the evidence in front of the court, including the facts found in the defendant's sentencing in the criminal case.¹⁰⁰

Another district court required the party seeking to apply collateral estoppel to make an affirmative demonstration that in addition to being fair, the application of collateral estoppel would "foster judicial economy."¹⁰¹ In light of the type of speculation engaged in by the court in *Amount of \$119,984.00*,¹⁰² it is difficult to imagine how a litigant could *ever* make such a showing.¹⁰³

The cases following *Monarch Funding* demonstrate that in the Second Circuit, it is unlikely, but not impossible, that a litigant will be able to use sentencing findings to preclude relitigation of an issue decided at sentencing. However, the particular contexts under which allowing sentencing findings to have preclusive effect would be appropriate, or even some of the factors that would be important in determining that the preclusive use of sentencing findings was appropriate, are unknown.

D. Post-Monarch Funding Cases in Other Circuits

Three other circuits have essentially adopted the same rule as *Monarch Funding*: sentencing findings are presumed improper for collateral estoppel purposes, but their use is not per se banned. In addition, district courts in other circuits have also applied the same framework. In a tax case, the Ninth Circuit held that the Commissioner of Internal Revenue could relitigate the amount of tax owed by

99 United States v. Letscher, 83 F. Supp. 2d 367, 372–74 (S.D.N.Y. 1999).

100 *Id.* at 382–83.

101 SEC v. Zafar, No. 06-CV-1578, 2009 WL 129492, at *6 (E.D.N.Y. Jan. 20, 2009).

102 See *supra* notes 94–97 and accompanying text.

103 Although the *Zafar* court seems to impose a nearly impossible standard to overcome, based on *U.S. Currency in the Amount of \$119,984.00*, it should be noted that the SEC in the *Zafar* case utterly failed to meet the burden of demonstrating efficiency as it did not acknowledge the difference in treatment between sentencing findings and a guilty plea or jury verdict. See Memorandum of Law in Support of Plaintiff's Motion for Partial Summary Judgment Against Defendant Faisal Zafar at 9–11, SEC v. Zafar, No. 06-CV-1578 (E.D.N.Y. Jan. 20, 2009), 2008 WL 5362336.

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the defendant despite a judge's sentencing findings on the issue in a previous criminal action.¹⁰⁴ In this case, the court adopted the same position as the Second Circuit concerning a per se ban, noting in dicta that if "fairness and efficiency considerations support preclusion" then "sentencing finding[s] *may* be entitled to collateral estoppel effect in subsequent civil litigation."¹⁰⁵

In a similar tax case, *Kosinski v. Commissioner*,¹⁰⁶ the Sixth Circuit did not ascribe preclusive effect to a sentencing court's findings of fact.¹⁰⁷ After outlining in great detail the problems in that case, many of which are common in all cases presenting this issue, the court indicated that it doubted that a determination reached in a criminal-sentencing proceeding "could *ever* satisfy" the requirements of issue preclusion.¹⁰⁸ Although the *Kosinski* court explicitly did not decide the question of whether ascribing preclusive effect to collateral estoppel was per se banned, this is the strongest statement yet made by any court that has considered the issue.

District courts in Illinois and Kansas have also declined to give sentencing findings preclusive effect, citing the reasoning of the Second Circuit in earlier cases.¹⁰⁹ In the lone divergent case, a bankruptcy court¹¹⁰ held that collateral estoppel applied to sentencing findings and barred relitigation of issues decided adversely to a debtor in a previous criminal trial.¹¹¹

104 *Maciel v. Comm'r*, 489 F.3d 1018, 1023–26 (9th Cir. 2006) (finding that the procedural differences between civil litigation and the sentencing hearings as well as the lack of incentive by the government made preclusion inappropriate in the case).

105 *Id.* at 1025.

106 541 F.3d 671 (6th Cir. 2008).

107 *Id.* at 679.

108 *Id.*

109 *United States v. Real Property Located at 7401-03 S. Racine Avenue*, No. 04 CV 5885, 2009 WL 806120, at *2–3 (N.D. Ill. Mar. 25, 2009) (citing *SEC v. Monarch Funding Corp.* 192 F.3d 295, 305 (2d Cir. 1999)); *Phillips v. Martin*, 535 F. Supp. 2d 1210, 1217–19 (D. Kan. 2008) (citing *United States v. U.S. Currency in the Amount of \$119,984.00*, 304 F.3d 165, 174 (2d Cir. 2002)).

110 In a bankruptcy court, the protections of an Article III tribunal do not apply uniformly. This raises a multitude of issues that this Note will not address.

111 *Wilcoxson v. United States*, No. 97-14519, 2002 WL 127047, at *4 (Bankr. S.D. Ala. Jan. 2, 2002) (holding that "the doctrine of collateral estoppel also applies to the above-listed sentencing findings" because the four requirements of collateral estoppel were met). It should be noted that in this case, despite the court's explicit application of preclusive effect to the sentencing hearings, the opinion did not fully explain whether the court could have reached the same result by relying solely on the facts necessary to the criminal conviction instead of the sentencing findings.

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III. A PER SE BAN ON THE USE OF SENTENCING FINDINGS TO PRECLUDE SUBSEQUENT LITIGATION

Although cases in which lower courts have ascribed preclusive effect to sentencing proceedings are few and far between, courts should adopt a per se ban in order to prevent this from occurring in any future cases. There are three independent rationales for the courts to adopt a per se ban on extending preclusive effect to a federal district court's sentencing findings. Each of these rationales for a per se ban has some limitation, and as a result each rationale is important. First, in light of the Supreme Court's recent jurisprudence concerning the Sixth Amendment, the traditional requirement for collateral estoppel that a decision on the issue be necessary to the final judgment cannot be met by a judge's sentencing findings. Second, the Seventh Amendment may prevent ascribing preclusive effects to sentencing findings in some cases, and at the very least indicates that it may be improper. Finally, the important policy concerns of fundamental fairness implicated by an attempt by a government agency or a private party to preclude litigation of an issue based on a judge's sentencing findings militate against giving district courts discretion to apply collateral estoppel to sentencing findings.

A. *Sixth Amendment Jurisprudence Applied to the Application of Preclusive Effect to Sentencing Findings*

The Supreme Court's recent decisions concerning the Sixth Amendment right to a jury trial prevent courts from ascribing preclusive effect to a judge's sentencing findings under current federal preclusion law. The Federal Sentencing Guidelines have come under intense constitutional scrutiny since their enactment.¹¹² The Sentencing Guidelines as initially adopted by Congress were understood to be binding on federal judges, and judges were required to follow express procedures in order to impose a sentence outside the Guidelines.¹¹³ The first indication that mandatory Guidelines were unconstitutional was given as dicta in *Jones v. United States*,¹¹⁴ where the Court stated

112 See *Mistretta v. United States*, 488 U.S. 361, 378–79 (holding that the sentencing structure set up by the Sentencing Reform Act of 1984 was a valid delegation of Congress's powers).

113 See *supra* Part II.

114 526 U.S. 227 (1999). In *Jones*, the Court construed the provisions of the federal car-jacking statute such that it did not run afoul of the Sixth Amendment. *Id.* at 239–41, 52. The Court in *Jones* held that the provision of the statute which allowed for a greater sentence if the carjacking resulted in death or serious bodily injury was not a sentence enhancement provision allowing for a greater sentence based on judi-

that allowing judicial fact-finding to increase the maximum sentence of a criminal defendant raised serious constitutional concerns and was incompatible with the Founders' desire for the Sixth Amendment to ensure the right to a jury.¹¹⁵

The Court expanded on this idea in *Apprendi v. New Jersey*.¹¹⁶ In *Apprendi*, a state court prosecution, the Court set out the rule that "other than the fact of a prior conviction, any fact that increases the penalty for a crime beyond the prescribed statutory maximum must be submitted to a jury, and proved beyond a reasonable doubt."¹¹⁷ The basis for this rule is that the "truth of every [criminal] accusation" must be proved to a jury and a defendant cannot be exposed to a greater punishment than that allowed by the facts proven beyond a reasonable doubt to a jury.¹¹⁸ The *Apprendi* rule essentially meant that the transfer of power from a jury to a judge to determine the existence of a fact that could raise a defendant's maximum potential punishment was a violation of the Sixth Amendment.¹¹⁹ The *Apprendi* Court made no distinction between labeling a provision a "sentence enhancement" rather than a separate criminal act.¹²⁰ Like *Jones*, *Apprendi* raised further doubts about the constitutionality of the Federal Sentencing Guidelines under the Sixth Amendment.

This line of cases culminated in *United States v. Booker*.¹²¹ In *Booker*, the Court applied the rule of *Apprendi* to the Federal Sentencing Guidelines. Booker, the criminal defendant, had been found guilty by a jury of a crime that prescribed a minimum sentence of ten years in prison and a maximum sentence of life imprisonment.¹²² As permitted by the Sentencing Guidelines, the district court judge in

cial fact-finding. *Id.* at 236. Instead, the Court held that this provision created a crime distinct from that of simple carjacking. *Id.* Death or serious bodily injury was an element of this distinct crime and thus required a jury finding of that element. *Id.* at 245–47.

115 *Id.* at 244–45 (explaining that the Founders recognized the need to "guard with the most jealous circumspection against the introduction of new, and arbitrary methods of trial, which . . . may in time, imperceptibly undermine this best preservative of LIBERTY" (quoting *A [New Hampshire] Farmer*, No. 3, June 6, 1788, reprinted in *THE COMPLETE BILL OF RIGHTS* 476, 77 (Neil H. Cogan ed., 1997))).

116 530 U.S. 465 (2000).

117 *Id.* at 490.

118 *Id.* at 477 (quoting 4 WILLIAM BLACKSTONE, COMMENTARIES *349–50).

119 *Id.* at 483–84.

120 *Id.* at 494–95, 494 n.19.

121 543 U.S. 220 (2005).

122 *Id.* at 227 (Stephens, J., opinion of the Court). The defendant was convicted of possession with intent to distribute at least fifty grams of crack cocaine in violation of 21 U.S.C. § 841(a)(1). *Id.*

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Booker had imposed a sentence within the Guideline range as determined by his own factual findings.¹²³ However, this sentence was above the Guideline range as determined by the facts found by the jury.¹²⁴ The Court declared that such a sentence was in violation of the Sixth Amendment. The Court's first holding was that because the Guidelines as written were mandatory, the imposition of a sentence above the Guideline range determined by the factual findings of a jury was a violation of the Sixth Amendment requirement that a jury decide all factual questions which could raise a maximum sentence.¹²⁵ The Court's second holding determined that the best remedy for this constitutional violation was to sever the provision of the Sentencing Reform Act that made the Sentencing Guidelines mandatory.¹²⁶ The severance of this provision meant that the Guidelines were now merely advisory, rather than binding on federal sentencing judges.¹²⁷ As a result, under the post-*Booker* sentencing scheme, a sentencing judge is permitted to impose a reasonable sentence within the statutory minimum and maximum and is to use the Federal Sentencing Guidelines as merely a guide in determining which sentence to impose.¹²⁸

One of the fundamental requirements in order for the decision of a court on an issue to have preclusive effect is that a decision on the issue must have been necessary in order to support the judgment

123 *Id.* at 227. Based upon the defendant's criminal history and the quantity of drugs found by the jury, the Sentencing Guidelines required the district court to select a sentence of between 210 and 262 months in prison. *Id.*

124 *Id.* The judge conducted a post-trial sentencing proceeding and determined by a preponderance of the evidence that Booker had possessed an additional 566 grams of crack cocaine and that the defendant was guilty of obstructing justice. *Id.* These findings mandated that the judge select a sentence between 360 months and life in prison. *Id.*

125 *Id.* at 233–35, 237.

126 *Booker*, 543 U.S. at 245 (Breyer, J., opinion of the Court).

127 *Id.* The Court based this remedy on what they perceived to be the legislative intent of the system enacted by Congress. *Id.* at 246. The Court believed that Congress wanted to link the defendant's actual conduct to the system imposed as well as preserve uniformity throughout the federal system, and that this remedy best preserved this intent. *Id.* at 250–56.

128 It should be noted that judge's sentences are subjected to appellate review for "reasonableness" according to the statutory criteria of 18 U.S.C. § 3553(a) under the post-*Booker* system. *Id.* at 264. Although the Guidelines are now merely advisory, in many ways the system still acts in much the same manner because judges often hew closely to Guideline sentences. For a discussion of the effects of *Booker* on the sentencing scheme and the influence of the Guidelines post-*Booker*, see Kate Stith, *The Arc of the Pendulum: Judges, Prosecutors, and the Exercise of Discretion*, 117 YALE L.J. 1420, 1484–94 (2008).

entered in the first action.¹²⁹ The primary justification for this rule is that the court deciding the first case may not have taken sufficient care in determining an issue that did not affect the result.¹³⁰ Another way of phrasing this requirement is that a judgment must “turn on” a decision of the issue on which preclusion is sought.¹³¹ *Booker*’s constitutionally mandated prohibition on the use of judicial factual findings to alter the range in which a defendant can be sentenced means that a judge’s factual sentencing findings should never be given preclusive effect in subsequent civil litigation.

In most contexts it is difficult to determine whether a factual finding was necessary to support the judgment.¹³² Post-*Booker*, because the sentencing decision is discretionary, it is constitutionally required that the judge’s factual findings are never “necessary” to support the final judgment.¹³³ In other words, the judge could have found either X or Y, and still have imposed sentence Z. In fact, under the now advisory Guidelines, the judge could have found *any* fact and still imposed sentence Z, subject to the reasonableness requirement. This simple analysis seems to indicate that there is no question that the factual findings imposed by the judge will never be *necessary* to the final sentence imposed.

However, the post-*Booker* Guidelines system is not that simple. Post-*Booker*, at sentencing a district court is still statutorily required to compute the applicable guideline range.¹³⁴ In doing so, a judge may have to make factual findings.¹³⁵ Furthermore, because the sentence that is imposed is reviewed on appeal for “reasonableness” in light of

129 See cases cited *infra* note 141.

130 18 WRIGHT ET AL., *supra* note 67, § 4421. The lack of appellate review in some contexts or the lack of incentive to seek appellate review of an unnecessary decision of an issue has also been cited by some courts as a justification for the “necessary to the judgment” requirement for issue preclusion. See, e.g., *Hicks v. Quaker Oats Co.*, 662 F.2d 1158, 1168–73 (5th Cir. 1981) (holding that use of offensive collateral estoppel with respect to an issue which had been an unappealed alternative ground in the prior litigation was inappropriate).

131 *Kosinski v. Comm’r*, 541 F.3d 671, 676 (6th Cir. 2008).

132 See 18 WRIGHT ET AL., *supra* note 67, § 4421, at 539.

133 *Booker*, 543 U.S. at 244 (2005) (Stephens, J., opinion of the Court) (“Any fact (other than a prior conviction) which is *necessary* to support a sentence exceeding the maximum authorized by the facts established by a plea of guilty or a jury verdict must be admitted by the defendant or proved to a jury beyond a reasonable doubt.” (emphasis added)).

134 18 U.S.C. § 3552(a) (2006); FED. R. CRIM. P. 32; see also *Rita v. United States*, 551 U.S. 338, 350–51 (2007) (explaining the process that federal judges must follow before imposing a sentence).

135 See *Rita*, 551 U.S. at 350.

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the Guideline computation,¹³⁶ the judge's findings of fact must be correct.

Thus, in a roundabout way, the accuracy of a judge's particular set of factual findings is necessary to the final judgment. Although it does not matter what the sentencing findings are, these findings must be accurate. So, if a judge made sentencing findings *X*, the judgment rested on the fact that *X* is true. If *X* was false, then the sentence would be reversed. Thus, the ultimate question presented on this issue is: where a court is permitted to exercise discretionary and independent judgment, but that judgment must be based on a true set of underlying factual findings, are the factual findings necessary to the judgment?

The answer to this question is not simple. Nonetheless, because of the fundamental holding of *Booker*, sentencing findings should not be given preclusive effect in subsequent litigation. First, these findings do not meet the "necessary" requirement for collateral estoppel in the terms that the "necessary" requirement has been construed by the courts in previous cases.¹³⁷ Previously, the Supreme Court held that necessary meant that "the verdict could not have been rendered without deciding that matter."¹³⁸ This means, not only rendering *any* correct decision on the matter (as required by the post-*Booker* sentencing process), but rendering that *exact* decision on the matter. This principle elucidates the difference between the pre-*Booker* and post-*Booker* sentencing schemes. In the pre-*Booker* sentencing scheme, a judge could not impose a sentence without making the *exact* factual findings that were made. Thus, the factual findings were necessary to the judgment, in the sense required by collateral estoppel. However, in the post-*Booker* regime, the sentence does not rest on the *exact* set of facts found by the judge. Instead, the judgment rests on whether *a* correct set of facts was determined by the judge.¹³⁹ The imposition of a sentence under the post-*Booker* regime is at its heart a discretionary judgment. Such discretionary judgments are the opposite of the type of judgments contemplated by collateral estoppel. The theory of collateral estoppel is that relitigation of an issue is improper and inefficient because that *exact* decision must have been reached in the previous case in order to reach the final result.¹⁴⁰ But, where a deci-

136 *Id.* at 347–51.

137 Post-*Booker*, most judges still make factual findings to support the imposition of a sentence. See Young, *supra* note 34, at 685–86.

138 Haring v. Prosise, 462 U.S. 306, 315 (1983) (quoting Petrus v. Robbins, 83 S.E.2d 408, 412 (Va. 1954)).

139 See *Rita*, 551 U.S. at 352–56.

140 See cases cited *supra* note 67.

sion is discretionary, an underlying assumption—even an assumption that must be true in order for the *process* to be upheld as valid—is not necessary to the final judgment.

Second, the judge's factual findings and computation of a sentence under the Guidelines are not a substantive component of the final judgment, but are a procedural component. Although a mistake in calculation of the guidelines by the sentencing judge is reversible error, this error does not pertain to the substance of the decision. The substantive component of appellate review is the "reasonableness" of the decision based on the computed Guideline range, not the computation of the Guidelines themselves.¹⁴¹ The computed Guideline range must be a procedural step rather than a substantive component, because the final Guideline range that is produced is not directly incorporated into the final sentence. The finding of any particular fact is not essential to the judgment. If any particular finding were necessary, the promise of *Booker* would not be fulfilled.¹⁴² Despite the procedures and the appellate review required by the Court in subsequent cases, one cannot accept the fundamental holding of *Booker*—a judge's factual findings cannot raise a defendant's sentence—without arriving at the conclusion that a particular finding by a judge is not required for the imposition of a sentence.¹⁴³

Third, *Booker* implicates the policy behind prohibiting the use of issue preclusion where a judgment is based on a number of different grounds. The rationale of the "necessary" requirement is that where a decision can be based on a number of different grounds there is doubt that any single one of those grounds is correct. The imposition of a sentence is such a judgment under the Guidelines as they exist today. A judge can use an infinite number of possible findings in order to arrive at a final sentence because the final sentence is entirely discretionary.

Fourth, because the current sentencing system is in conflict, the best policy is to rely on the clear constitutional rule of *Booker*. On the one hand, the rule of *Booker* dictates that a sentencing judge's factual findings cannot be constitutionally necessary to the imposition of a sentence. On the other hand *Gall v. United States*¹⁴⁴ and *Rita v. United*

141 See *Rita*, 551 U.S. at 365 (Stevens, J., concurring) ("[P]urely procedural review . . . is inconsistent with our remedial opinion in *Booker*, which plainly contemplated that reasonableness review would contain a substantive component."); *United States v. Booker*, 543 U.S. 220, 260–64 (2005).

142 See *Rita*, 551 U.S. at 369–70 (Scalia, J., concurring in part and concurring in the judgment).

143 See *Kosinski v. Comm'r*, 541 F.3d 671, 676 (6th Cir. 2008).

144 128 S. Ct. 586 (2007).

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*States*¹⁴⁵ dictate that in order for a sentence to be upheld on review, it must be a reasonable sentence where the judge has initially made a correct calculation of the Guidelines, both in terms of the factual findings made, and the application of the Guidelines to those findings. Because the rule of *Booker* is a clear constitutional rule, the plain meaning of this rule—that sentencing findings are never “necessary” to a the final judgment imposed—should be followed.

This reading of *Booker* and its progeny has also been accepted by the only circuit court to previously consider *Booker*’s implications on the use of sentencing findings to preclude subsequent civil litigation. This court, the Sixth Circuit in *Kosinski*, stated that a defendant’s sentence “*could not* constitutionally” turn on the judge’s sentencing findings.¹⁴⁶ On this basis, the court determined that sentencing findings could not meet the necessary requirement for collateral estoppel.¹⁴⁷

B. The Seventh Amendment

The Seventh Amendment preserves the right to a jury trial that existed prior to the ratification of the Constitution.¹⁴⁸ In essence, the Seventh Amendment is a general injunction against the curtailment of civil juries in federal court, but it is not an instructional manual for allocating decisional responsibility or regulating procedure.¹⁴⁹ By its terms the Seventh Amendment only applies to “[s]uits at common law.”¹⁵⁰ This means that suits that were tried in courts of equity or maritime courts at the time of the ratification of the Seventh Amendment may be tried without a jury.¹⁵¹

The Court has addressed in recent years whether or not the right to a jury trial applies to a number of different causes of action.¹⁵²

145 551 U.S. 338 (2007).

146 *Kosinski v. Comm’r*, 541 F.3d 671, 676 (6th Cir. 2008).

147 *Id.*

148 8 JAMES WM. MOORE ET AL., *MOORE’S FEDERAL PRACTICE* § 38.10[1][a][ii] (3d ed. 2009).

149 *Id.* (indicating that the Seventh Amendment was intended not to “preserve mere matters of form and procedure, but substance of right”).

150 U.S. CONST. amend. VII. The Seventh Amendment also guarantees a right to jury trial for a newly created cause of action that involves rights and remedies traditionally enforced in an action at common law. *See* *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 41–42 (1989); *Tull v. United States*, 481 U.S. 412, 417–18 (1987); *Curtis v. Loether*, 415 U.S. 189, 193 (1974).

151 *See* *Chauffeurs, Teamsters, & Helpers Local 391 v. Terry*, 494 U.S. 558, 564 (1990).

152 *See, e.g., Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 355 (1998) (holding that Seventh Amendment required a jury trial on damages question based on the Copyright Act); *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384

Because the Seventh Amendment does not extend to all actions where a litigant may seek to use a judge's sentencing findings as a collateral estoppel weapon, the Seventh Amendment rationale for a per se ban on applying preclusive effect to sentencing findings is limited to those actions in which there has been traditionally accorded the right to a jury trial. Where a litigant attempts to preclude based on a judge's sentencing findings in an action where there is no constitutional right to a jury trial, the Seventh Amendment presents no barrier to a court giving preclusive effect to a previous judge's sentencing findings.¹⁵³ But if the action is one where the Seventh Amendment right to a jury trial does apply, an attempt to preclude based on a judge's sentencing findings presents constitutional problems under the Seventh Amendment.

Although the Seventh Amendment has generally been understood to reserve factual questions for a jury,¹⁵⁴ where a judge is competent under the Constitution to render a judgment based on facts determined by the judge, such a judgment has preclusive effect in a subsequent case, even if a Seventh Amendment right to a jury trial normally attaches to the cause of action in the second case.¹⁵⁵ As a result, there is a two-part test for determining whether the Seventh Amendment permits giving preclusive effect to a prior factual determination of an issue by a judge: *first*, whether the judge's factual determinations were necessary to a judgment that is valid for Seventh Amendment purposes; and *second*, whether a Seventh Amendment right to a jury trial attaches to the instant case. Because the answer to the second part of this test will vary depending on the type of action

(1996) (holding that Seventh Amendment did not apply to the issue of the construction of the claims in a patent); *Tull*, 481 U.S. at 426–27 (holding that Seventh Amendment did not apply to penalties which Congress had the right to fix statutorily).

153 See, e.g., *SEC v. Monarch Funding Corp.*, 983 F. Supp. 442, 447 n.7 (S.D.N.Y. 1997) (noting that the Seventh Amendment right to a trial by jury does not attach to an SEC enforcement proceeding (citing *SEC v. Commonwealth Chem. Secs., Inc.*, 574 F.2d 90, 96–97 (2d Cir. 1978), *vacated on other grounds*, 192 F.3d 295 (2d Cir. 1999))).

154 It was implicitly understood by the ratifiers of the Constitution that questions of fact were “peculiarly the jury’s province.” Paul F. Kirgis, *The Right to a Jury Decision on Questions of Fact Under the Seventh Amendment*, 64 OHIO ST. L.J. 1125, 1133 (2003). This is supported by the Judiciary Act of 1789, which was written by many of the Framers. *Id.*

155 *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 333–35 (1979) (finding that issues decided in earlier equitable action could not be relitigated in subsequent action for damages, where a jury trial would normally have been required by the Constitution).

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brought in the instant case,¹⁵⁶ this Note will focus on whether or not a judge's sentencing findings can pass the first part of the test.

In determining whether previous factual findings of a judge can be given preclusive effect in a later action where the Seventh Amendment right to a jury trial attaches, the Court has relied on whether the first action would have been tried in equity or law in 1791.¹⁵⁷ If the action was such that it would have been tried at equity, then the Court has found no constitutional problem.¹⁵⁸ Where an action or a portion of an action does not fall neatly into either the suits at law or suits at equity box, the Court has used several different approaches to decide whether the right to a jury trial applied. Early cases focused on the fact-law distinction.¹⁵⁹ In more recent years, however, the Court has moved away from the fact-law distinction and has relied on historical antecedents, common law analogies, or functional considerations.¹⁶⁰ Particularly in recent years, the Court has focused on the nature of the remedy sought.¹⁶¹

Sentencing findings are criminal proceedings and do not fall into either the category of suits at common law or suits at equity. But because it is permissible to give preclusive effect to issues decided in a criminal judgment in a subsequent civil case, the possibility that sentencing findings can have preclusive effect in subsequent civil litigation cannot be dismissed outright. Because the question that is usually determinative of whether a judgment is adequate for Seventh Amendment purposes—whether it was tried at law or equity—cannot be applied to criminal sentencing finding; a new question must be formulated. Instead of asking whether the first cause of action was

156 See cases cited *supra* notes 150, 152.

157 See *Parklane Hosiery*, 439 U.S. at 333; *Katchen v. Landy*, 382 U.S. 323, 336–38 (1966); *Meeker v. Ambassador Oil Corp.*, 375 U.S. 160, 160 (1963) (per curiam); *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 476–80 (1962); *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 508–10 (1959); *Hopkins v. Lee*, 19 U.S. (6 Wheat.) 109, 113–17 (1821).

158 *Parklane Hosiery*, 439 U.S. at 333.

159 See *Byrd v. Blue Ridge Rural Elec. Coop. Inc.*, 356 U.S. 525, 537 (1958); *Gasoline Prods. Co. v. Champlin Ref. Co.*, 283 U.S. 494, 497–98 (1931); see also *Ex parte Peterson*, 253 U.S. 300, 310 (1920) (“The limitation imposed by the Amendment is merely that enjoyment of the right of trial by jury be not obstructed, and that the ultimate determination of issues of fact by the jury be not interfered with.”); *Walker v. N.M. & S. Pac. R.R. Co.*, 165 U.S. 593, 596 (1897) (holding that in order to preserve the substance of the Seventh Amendment right, it was “require[d] that questions of fact in common law actions shall be settled by a jury”).

160 *Kirgis*, *supra* note 154, 1128–29 (describing this shift in jurisprudence and the importance of cases like *Tull*, *Markman*, and *Feltner*).

161 See Margaret L. Moses, *What the Jury Must Hear: The Supreme Court's Evolving Seventh Amendment Jurisprudence*, 68 GEO. WASH. L. REV. 183, 198 (2000).

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analogous to a case tried in law or equity, the questions which should be asked are (1) whether a judge's sentencing findings substantially similar to a judgment in equity such that they can be given preclusive effect in a subsequent case where the Seventh Amendment would require a jury trial; and (2) if a judge's sentencing findings are not substantially similar to a judgment in equity, whether allowing a judge's sentencing findings to have preclusive effect in subsequent litigation does sufficient damage to the substance of the right to a jury trial to constitute a violation of the Seventh Amendment.

The answer to the first of these queries is found in the history of criminal sentencing. Despite what previous courts have held, there is in fact a significant distinction that can be made between a judgment in equity and a judge's sentencing findings based on the history of criminal sentencing. Because the Seventh Amendment preserves the civil jury system in existence at the time of the ratification of the Amendment, the differing historical pedigree between a judgment in equity and a judge's sentencing findings is too significant to give a sentencing judge's findings preclusive effect.

The *Apprendi* Court explored in great detail the American history of criminal sentencing. First, the Court noted that "[a]ny possible distinction between an 'element' of a felony offense and a 'sentencing factor' was unknown to the practice of criminal indictment, trial by jury, and judgment by court as it existed during the years surrounding our Nation's founding."¹⁶² Instead, the substantive criminal law was "sanction-specific" and "prescribed a particular sentence for each offense."¹⁶³ This meant that the sentencing judge exercised no discretion to lower or raise the range within which a criminal defendant could be sentenced.¹⁶⁴ This is not to say that judges in the common law era did not base sentences on mitigating or aggravating circumstances, but only that such aggravating or mitigating circumstances could not change the range within which the judge could sentence the defendant.¹⁶⁵ Thus, sentencing findings as they exist today did not exist at the time of the Founding. Courts of equity, in contrast,

162 *Apprendi v. New Jersey*, 530 U.S. 466, 478–79 (quoting 4 WILLIAM BLACKSTONE, COMMENTARIES *365); see also *id.* at 502–10 (Thomas, J., concurring) (citing cases from the Founding era to the Civil War to establish that "a fact that is by law the basis for imposing or increasing punishment is an element").

163 *Id.* at 478–79 (majority opinion) (explaining that the system was such that a defendant would be able to predict the punishment for the crime based on the face of the indictment).

164 *Id.* at 479.

165 *Id.* at 519 (Thomas, J., concurring) (citing JOEL PRENTISS BISHOP, CRIMINAL PROCEDURE § 85, at 53–54 (2d ed. 1872)).

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had a long and rich tradition prior to the ratification of the Seventh Amendment, and in fact judgments in equity had long been given preclusive effect in subsequent suits at law.¹⁶⁶ Furthermore, at the time of the Founding the substance of the functions performed by a court in giving a criminal sentence and when sitting in equity differ significantly. A court in equity decided the totality of the judgment.¹⁶⁷ In contrast, a sentencing court only acted with discretion and was bound by the jury verdict.¹⁶⁸ These differences are of enough significance that a sentencing judge's factual findings should not be treated in the same manner for Seventh Amendment purposes as judgment in equity by a court determining whether to give preclusive effect to those sentencing findings.

The question of whether an action does sufficient damage to the substance of the right to a jury trial to constitute a violation of the Seventh Amendment informs the scope of the right to a jury trial.¹⁶⁹ The answer to this question also militates against allowing a subsequent civil court to give preclusive effect to a judge's sentencing findings. Allowing a court to give preclusive effect to a judge's sentencing findings sufficiently damages the substance of the right to a jury trial preserved in the Seventh Amendment that it at the very least raises grave constitutional concerns. Throughout the Court's Seventh Amendment jurisprudence, the Court has been concerned with maintaining the "substance" of the right to a jury trial.¹⁷⁰ A series of cases decided in the first half of the twentieth century indicated that it was not necessary to preserve every detail of the jury trial that existed at the time of the adoption of the Amendment in order to maintain the substance of the Amendment.¹⁷¹ Rather, the Amendment was "designed to preserve the basic institution of the jury trial in only its most fundamental elements."¹⁷² In subsequent cases, the Court found the abridgement of the fundamental role of the jury in cases where the jury's role as a factfinder was usurped by the judge.¹⁷³ An

166 See *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 333 (1979) (citing a number of early cases accepting that a litigant was not entitled to have a jury determine a fact previously adjudicated by a chancellor in equity).

167 *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 505 (1959).

168 See *Apprendi*, 530 U.S. at 478–82.

169 See *id.* at 483 (explaining that while trial practice need not remain stagnant, it "must at least adhere to the basic principles undergirding" the requirement of a jury trial).

170 See *id.* at 484.

171 *Moses*, *supra* note 161, at 200–01.

172 *Galloway v. United States*, 319 U.S. 372, 392 (1943).

173 *Moses*, *supra* note 161, at 202–03.

important recent case, *Feltner v. Columbia Pictures Television, Inc.*,¹⁷⁴ also explained that the substance of the Seventh Amendment reserved the factual question of the amount of damages to the jury.¹⁷⁵ In the context of ascribing preclusive effect to a judge's sentencing findings, not only would the jury in some cases be prevented from determining the amount of damages, but they would also be prevented from determining liability. Thus, the effect of a court giving preclusive effect to a judge's sentencing findings constitutes an abridgement of the substance of the Seventh Amendment where the issue in the subsequent litigation is one to which the right to a jury trial applies.

Even if one is not persuaded that the Seventh Amendment, where applicable, bars the use of collateral estoppel based on sentencing findings, at the very least it can be conceded that this practice raises serious constitutional concerns. The approach taken by the Court in *Byrd v. Blue Ridge Electric Cooperative, Inc.*¹⁷⁶ is instructive of how constitutional concerns should be handled in the Seventh Amendment context. Although the *Byrd* Court did not go so far as to make its holding regarding the jury trial a purely constitutional holding, the Court held that the "influence—if not the command—of the Seventh Amendment, assigns the decision of disputed questions of fact to the jury."¹⁷⁷ Similarly, in the context of ascribing preclusive effect to sentencing findings in subsequent civil litigation where the right to a jury trial attaches, "the influence—if not the command—of the Seventh Amendment" indicates this practice is inappropriate.

C. Prudential and Policy Reasons for a Per Se Ban

Beyond the difficulty of meeting the traditional requirements of collateral estoppel and the Seventh Amendment concerns, there are also strong prudential and policy reasons for a per se ban. Because collateral estoppel in the federal system is a common law doctrine, it is possible for the courts to decide that permitting a judge's sentencing findings to have preclusive effect is simply inappropriate. Although, many of the prudential and policy rationales behind a per se ban were outlined by the *Monarch Funding* court,¹⁷⁸ the court erred in deciding that these rationales did not militate in favor of a per se ban.

The Court in *Parklane* cautioned against allowing collateral estoppel to apply where the defendant had little incentive to litigate the

174 523 U.S. 340 (1998).

175 *Id.* at 352.

176 356 U.S. 525 (1958).

177 *Id.* at 537.

178 *See* SEC v. Monarch Funding Corp., 192 F.3d 295, 304–06 (2d Cir. 1999).

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first action vigorously, where procedural opportunities would be unavailable in the first action that could cause a different result, and where the potential efficiency gains were minimal.¹⁷⁹ Each of these three policy reasons is strongly implicated when a litigant attempts to ascribe preclusive effect to sentencing findings.

The procedural devices available to a defendant in a sentencing proceeding vary significantly from those available to a litigant in a full-blown civil trial. A defendant is only afforded the opportunity to comment on the matters relating to the appropriate sentence and to compel the court on each disputed issue to “rule on the dispute or determine that a ruling is unnecessary either because the matter will not affect sentencing, or because the court will not consider the matter in sentencing.”¹⁸⁰ This means that any presentation of evidence in order to resolve disputed factual issues is left solely to the discretion of the district court.¹⁸¹ The defendant has no affirmative right to present evidence on disputed factual issues. Also, the rules of evidence do not apply in a sentencing hearing, so the prosecution is able to admit hearsay evidence and other evidence forbidden by the Federal Rules of Evidence in a criminal or civil trial.¹⁸² Furthermore, even where a district court decides to hear evidence a defendant has no right to conduct prehearing discovery or to compel the presence of prosecutorial witnesses.¹⁸³ Finally, a defendant in a sentencing hearing may be reluctant to testify for a number of reasons.¹⁸⁴

Although many of these concerns may seem defendant-centric, there are actually important procedural opportunities that are available to the government in a civil trial that are unavailable in a criminal trial. In comparison to the “full array of civil discovery procedures against the defendant” available to the government in civil litigation, the government in a criminal trial is only permitted to seek “discovery of documents and tangible objects from the defendant” if the defendant seeks reciprocal discovery from the government.¹⁸⁵ Furthermore, even then the government is restricted to the evidence that

179 *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326–31 (1979).

180 FED. R. CRIM. P. 32(i)(3)(B).

181 See Alan C. Michaels, *Trial Rights at Sentencing*, 81 N.C. L. REV. 1771, 1843–48 (2003).

182 See Elias C. Selinger, *An Unredeemed Promise: How Courts Can Prevent Offensive Collateral Estoppel from Undercutting the Policy Goals of Amended Rule of Evidence* 408, 102 Nw. U. L. REV. 1953, 1985 (2008).

183 Michaels, *supra* note 181, at 1815–19.

184 *SEC v. Monarch Funding Corp.*, 192 F.3d 295, 305 (2d Cir. 1999).

185 *United States v. U.S. Currency in the Amount of \$119,984.00*, 304 F.3d 165, 177 (2d Cir. 2002).

“the defendant intends to introduce as evidence in chief at the trial.”¹⁸⁶ In addition, the government faces constitutional restrictions. All of these various procedural differences between a criminal and civil trial add up to precisely the type of procedural differences between two proceedings that *Parklane* stated would make application of collateral estoppel inappropriate.

A defendant in a criminal sentencing also has far different motives than a defendant in a civil action. Often the sentencing proceeding is a cooperative process between the prosecution and the criminal defendant, rather than an adversarial proceeding. In order to receive a recommendation from the prosecutor for a reduction in the Guidelines range for “acceptance of responsibility,” oftentimes the criminal defendant will choose not to contest an issue of fact contained in the presentence report or argued by the prosecution. There is also the potential that the criminal defendant will choose not to challenge a factual issue because the defendant believes either that the issue is irrelevant to the calculation of the Guideline offense level, or that the procedural limitations of the sentencing hearing may prevent the defendant from being able to contest the claim adequately.¹⁸⁷ Because the defendant in a criminal sentencing proceeding will almost invariably have a vastly different incentive to litigate an issue than the same defendant in a subsequent civil action, collateral estoppel should not be applied to sentencing findings.

The *Monarch Funding* court recognized this policy rationale for a per se ban and believed that the best choice was to leave the district court discretion to decide when the application of collateral estoppel would be inappropriate for this reason. This approach is problematic because in many cases it will be next to impossible for the defendant to prove that he did not have a full opportunity to litigate an issue or even why a defendant chose not to vigorously litigate an issue at sentencing. This approach ignores the possibility that a defendant may make decisions at sentencing based on reasons that will not be apparent in later civil litigation.

There are other considerations of efficiency. First, one of the primary purposes of collateral estoppel is to increase judicial economy. This rationale behind collateral estoppel is not promoted by a regime where preclusive use of sentencing findings is permitted but highly discouraged. Under this type of regime the issue of collateral estoppel can still be heavily litigated in cases where it is inappropriate. This

186 *Id.* (quoting FED. R. CRIM. P. 16(b)(1)(A)).

187 Defense Lawyers Brief, *supra* note 46, at 19.

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means that any efficiency gains from a case where it was found to be appropriate will be mitigated.

Second, litigants need predictable rules. Based on the inability of courts to produce factors distinguishing situations where use of collateral estoppel would be appropriate from those where it would be inappropriate,¹⁸⁸ any preclusive use of sentencing findings by federal courts will likely be unpredictable.¹⁸⁹ Every circuit court that has decided this issue has expressed concern that ascribing preclusive effect to sentencing findings would lead to transforming sentencing hearings into “mini-trials” thus undercutting any efficiency gains in the subsequent civil litigation. However, under the current regime, because it is still possible for sentencing findings to be ascribed preclusive effect, litigants still have great incentive to over-litigate the sentencing hearing in order to prevent adverse findings from being used against them. The best way to prevent this problem is to completely bar the preclusive use of sentencing findings.

Finally, the *Monarch Funding* court decided that a per se rule was inappropriate because of the precedent set by *Parklane Hosiery*. In *Parklane Hosiery*, the court decided to give district courts the discretion to determine when offensive use of collateral estoppel was appropriate because there were factors present in some such cases—whether the plaintiff could not be joined in the prior action, whether the defendant had full incentive to litigate, and whether there were inconsistent judgments—that made the use of collateral estoppel appropriate, while in other cases it would not be appropriate.¹⁹⁰ On the other hand, the *Monarch Funding* court did not explain with any level of specificity the factors that would distinguish sentencing proceedings where it was fair to ascribe preclusive effect from those sentencing hearings where it was not.¹⁹¹ Furthermore, subsequent cases that were decided using this same analytical framework were decided on grounds that were common to *all* sentencing hearings.¹⁹² This means that district courts will not be able to apply a discretionary rule with any consistency and militates in favor of a per se ban.

188 See *supra* Part III.C.

189 See Brian Levine, Note, *Preclusion Confusion: A Call for Per Se Rules Preventing the Application of Collateral Estoppel to Findings Made in Nontraditional Litigation*, 1999 N.Y.U. ANN. SURV. AM. L. 435, 436, 441 (claiming that collateral estoppel use of nontraditional litigation has been very unpredictable).

190 See *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 327–33 (1979).

191 See *supra* text accompanying note 85.

192 See *United States v. U.S. Currency in the Amount of \$119,984.00*, 304 F.3d 165, 174, 179 (2d Cir. 2002); *SEC v. Zafar*, No. 06-CV-1578, 2009 WL 129492, at *6 (E.D.N.Y. Jan. 20, 2009).

When considered in their totality, the policies behind collateral estoppel that are implicated caution against allowing sentencing findings to have collateral estoppel effect in subsequent litigation.

CONCLUSION

In the contemporary federal criminal justice system, the sentencing hearing is often the most important event in the criminal process. This proceeding is where most of the facts about the actual events underlying the transaction are contested. The issue of the preclusive effect that should be ascribed to criminal sentencing findings in subsequent federal civil litigation is not a simple issue. Because this issue involves the intersection of civil law and criminal law, the preclusion precedents in these areas of law are not directly on point. Nonetheless, the Supreme Court jurisprudence relating to the Sixth Amendment indicates that the factual findings made at these sentencing hearings are not necessary to the final sentence that is imposed in the way that “necessary” has been traditionally construed in the collateral estoppel context. Furthermore, if the Seventh Amendment, in cases where it applies, does not dictate the decision on this issue, it at least represents a policy choice against allowing a judge’s sentencing findings to have preclusive effect and in favor of preserving questions of fact for the civil jury. Finally, the policy considerations surrounding this issue militate against ascribing preclusive effect to a judge’s sentencing findings. Although courts applying the discretionary rule of *Monarch Funding* have been reluctant to ascribe preclusive effect to sentencing findings because of the foregoing reasons a per se ban is appropriate.

P O P A N e w s l e t t e r 1

POPA NEWS
LETTER 1 re
ONDRIK

USPTO Enacts Flat Goal Program; POPA Challenges

The USPTO is launching its flat goal pilot program after mischaracterizing the union's proposals to practically avoid negotiating on the program altogether. POPA has filed a grievance challenging the legality of this program and declaring that the USPTO is committing an unfair labor practice by unilaterally implementing the program without completing collective bargaining.

The flat goal program requires a flat goal of production units per quarter per examiner based on the examiner spending 80 percent of his/her time examining. It also raises the production level required for a fully successful performance rating from 95 percent to 100 percent. Examiners must complete 100 percent of the assigned goal to maintain a fully successful rating. Historically, however, the patent corps averages 70-75 percent examining time, with the remaining time used for training, appeals conferences, interviews, leave time, etc. The USPTO's assumptions of time needed by examiners to perform non-examining functions

were not based on actual examination data. The program makes only limited provisions to deal with sick leave or leave without pay for family or medical reasons and makes no provisions for the use of annual leave carried over from previous years.

The USPTO tried to strong-arm POPA by stating in a Nov. 16 memo to the union:

"Unless you limit your proposals in this bargaining to the procedures and appropriate arrangements in response to management's decision to implement a Flat Goal Pilot by next Wednesday, November 22, 2006, and agree in writing that you will not further claim that the entire topic is permissive, we will conclude that you have no interest in bargaining over these issues and will begin the implementation process for the pilot, based upon our last best offer."

(continued on page 2)

Inspector General's Witness Intimidation of Examiners

In an apparent case of witness intimidation, an agent from the Department of Commerce Inspector General's Office—with cooperation from the USPTO Office of the General Counsel (OGC)—investigated, questioned and pressured two patent examiners who had been subpoenaed as defense witnesses in the trial of a former employee for time and attendance abuse, but were under no suspicion of wrongdoing themselves. POPA is seeking assurances from the USPTO that it will prevent such workplace intimidation in the future.

In one case, a paralegal in the OGC sent Primary Examiner Manual Mendez an e-mail directing him to a mandatory "interview" with the IG at 11 a.m. that same day. Mendez was on sick leave that morning and didn't come to the office until about 3 p.m., missing the mandatory interview. Upon his arrival at the office, Mendez read the e-mail and replied to the OGC explaining his absence, asking to reschedule, and inquiring about the nature of the interview. Mendez did not receive a reply to his request.

Two business days later, IG Special Agent Rachel Ondrik appeared unannounced at Mendez's USPTO office door. Mendez invited her in. She closed the door, notified Mendez that she was conducting a formal investigation and that he must truthfully answer her questions. She did not notify Mendez of his rights, including his right to have representation present. Her questioning began with a

statement similar to, "You spend a lot of time here, Mr. Mendez." This indicated to Mendez that Ondrik had

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A Typical Inspector General Interview, the 800-Pound Gorilla in the Room

Witness Intimidation

(continued from page 1)

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obtained and reviewed his badge-in/badge-out turnstile records before the interview. She then questioned Mendez's own time recording practices with questions similar to, "Can you certify that your timesheets are correct?" Ondrik also questioned Mendez about his conduct with questions like, "Could you describe any problems or issues of conduct that you had in the past?"

This investigative interview lasted approximately 2.5 hours. Ondrik also made a closing statement similar to, "I checked you out, and you're okay," referring to Mendez's time and attendance. This showed that Ondrik also obtained Mendez's 690E timesheets for comparison with the turnstile records.

In the second examiner's case, Ondrik called the examiner and demanded that the examiner meet with her that day for an interview. The examiner asked to make an appointment on another day because of prior job commitments. Ondrik then called the examiner's group director, who called the examiner to say that the interview was mandatory. This disrupted the examiner's work schedule and caused embarrassment in front of the group director and supervisor.

After setting an interview time, the examiner contacted POPA Vice President Larry Oresky to be present at the interview. With a POPA rep present, Ondrik did not question the examiner about time accounting practices. Ondrik did question the examiner about what had been said to the attorney of the examiner under criminal investigation for time fraud.

At the time of their interviews with Ondrik, neither examiner was suspected of wrongdoing. It appears the only reason for singling out these examiners for IG investigation and questioning was that they both were subpoenaed to appear as witnesses for the defense in a criminal case stemming from irregularities between a former employee's timesheets and turnstile records.

This looks like blatant intimidation of defense witnesses and misuse of official position by an agent of the U.S. government. It appears that the USPTO clearly cooperated with Ondrik's unwarranted investigation of these two employees by providing turnstile records and 690E timesheets.

POPA agrees with Mendez's suggestion, in the following letter to Director Dudas, for better training on timekeeping to avoid mistakes. This would demonstrate a concern for employee success, rather than the agency's current "gotcha" atmosphere. The same is true for the USPTO Office of General Counsel, which needs to protect the rights of agency employees.

The overzealous attention to badge-out details furthers the agency's on-site management by fear and punishment. USPTO office workers face criminal prosecution and the possibility of being subpoenaed to testify against colleagues. Employees are, in effect, punished for coming to work, while

those off site on telework or hoteling don't have that intimidation. If the USPTO is not concerned about badge-in/badge-out requirements for employees working off campus, why should it worry so about those who choose to work on campus?

POPA urges any bargaining unit member who is called to a meeting with a representative of the Inspector General's Office to contact a POPA representative immediately. ▽

An Open Letter to Director Dudas

Dear Mr. Dudas:

I am a primary examiner who was interrogated by Department of Commerce Inspector General (IG) personnel after being subpoenaed by the defense [in an ongoing criminal prosecution of a former examiner on time fraud charges].

In the pursuit of justice, the USPTO must recognize that every examiner has constitutional rights that must be respected during investigations on our premises. Clear guidelines need to be established so that all examiners in this office understand their rights and responsibilities, especially in an IG investigation.

It is very disappointing that after my almost 20 years of federal service, no department within this office cares about my rights as an employee. The USPTO General Counsel should be required to do more than just provide information about examiners to the IG. At least, the General Counsel attorneys should ensure constitutional fairness in the IG fact-finding activities instead of justifying their inaction under the false assumption that they cannot interfere with this process. Such inaction will inevitably result in the collection of tainted evidence as the courts recognize the illegalities of these activities.

Finally, based on my interrogation, this agency and the Commerce Department IG expect perfection concerning timekeeping reporting requirements. Unfortunately, this standard cannot be achieved unless the electronic security system is linked to the "timesheet" software. More importantly, the USPTO should update the April 2000 memorandum that abolished the sign-in/sign-out sheets to delineate clear disciplinary guidelines based on the perfection standard and requiring supervisors to provide yearly training about timekeeping requirements. It is presently impossible to meet the perfection standard since the security system does not provide instant and verifiable "time in/time out" data, easily accessible by each employee. To bring criminal actions against employees having time discrepancies without offering counseling, rehabilitation, and/or progressive discipline is simply abusive and will inevitably affect the productivity and retention goals of this office.

Very respectfully,
Manuel Mendez, Primary Patent Examiner

P O P A N e w s l e t t e r 2

POPA NEWS
LETTERS re
ONDRIK

Examiners Vote with Their Feet on Flat Goal Pilot Program

POPA Encourages Productivity Incentive Alternatives

When the USPTO announced its Flat Goal Pilot program in April 2006, it set a goal of enrolling 300 examiners by this year's sign-up deadline of Feb. 23. After multiple employee briefings and e-mailed Commissioner's Corner endorsements of the program, by the end of February the pilot had only 105 volunteers. Even after extending the deadlines, management has only convinced approximately 180 employees to sign up—not a rousing vote of confidence in management's program.

Examiners have voted with their feet.

The agency worked hard to inform all 5,000+ examiners about the program. The first three of nine Flat Goal Pilot employee briefings by USPTO managers were standing room only, with about 300 examiners attending each briefing. The crowds had diminished by half as of the fourth briefing, as word spread through the examining corps, and attracted far fewer by the last one. Examiners' questions about production dominated every session.

"If this had been the laptop pilot program seeking volunteers, management would've had 300 sign up on the first day," commented one senior primary examiner.

Examiners Do the Math

Examiners are smart about their careers. As the following letters show, many did the math and learned that the Flat Goal program would penalize, rather than promote, their production and career success, so they didn't sign up. On the other hand, those who volunteered for the program likely calculated that they'd do well. With both trends, this self-selected sample will produce pilot results that can only rightly be used for a future voluntary program and not extrapolated to the examining corps as a whole.

However, as one of the letter writers aptly noted, the USPTO intends to use the results of the pilot to support its move to a flat goal production system for all examiners. The first objective outlined in the USPTO Strategic Plan for 2007-2012 includes an initiative to "Develop alternatives to the current performance and bonus systems." (www.uspto.gov/web/offices/com/strat2007/stratplan2007-2012.pdf)

Cut Losses and Move Forward

The USPTO has more and better options for providing production incentives to examiners. POPA agrees with the

employee who wrote that an employee-friendly program "that rewards instead of punishes" is well within the agency's reach.

For example, POPA has repeatedly recommended creating more levels of production awards. Currently examiners receive a production award if they achieve 110 percent of their production goal. If, after striving for a while, they realize they can't make that goal, they naturally think, "Why

knock myself out with all this voluntary overtime if I can't get something for my effort?" So their production drops to a fully successful level.

If the USPTO creates one or more intermediate production awards—say at

105 percent or at every percentage point over 100 percent—it encourages examiners to try their best throughout the quarter, rewarding them for every ounce of production effort. The cumulative effect of so many examiners giving so many extra ounces every quarter would equal tons more production—and a big boost to employee morale.

POPA stands ready to work with USPTO leaders to design cost-effective production programs that reduce the patent backlog while encouraging, rewarding and respecting employees. ▽

The Famous Engineering Formula

$$Flat^{goal} = Flat^{no}$$

Examiners Speak Out on Flat Goal Pilot

The names of the examiners who authored the following letters were withheld for their protection.

I won't be going on the Flat Goal Pilot because, had I done so last quarter, I would have been fired.

Using the flat rate calculations presented [by the USPTO], I decided to see how I would have fared under the proposed pilot.

Last quarter I used a fair amount of my accumulated annual leave. I took nine days at the beginning of the quarter and four days at the end, with perhaps a few days or half days here and there.

I also had 69 hours of other time, which I used:

■ training two junior examiners (one probationary);

(continued on page 2)

Examiner Not Guilty of Criminal Time Reporting Charges

A Virginia jury acquitted a former patent examiner of criminal larceny charges for allegedly collecting pay for work not done. The charges were based on discrepancies between the examiner's turnstile records and her time sheets. Following a two-and-a-half day trial, the jury returned the verdict after deliberating only 15 minutes. The jury foreman later apologized to the examiner, saying the jury was sorry she'd had to go through the ordeal.

The Department of Commerce Inspector General's Office (IG), with USPTO assistance, initiated the criminal investigation against the examiner, who holds a medical degree, a law degree, and who consistently produced at a level above 130 percent for the agency. For three years (2003-2005) the employee was awarded outstanding job evaluations with commendable quality by two supervisors.

Then she got a new supervisor and her work life took a decided turn for the worse. Difficulties with new supervisor Kevin Sirmons began the first biweek after he took over her art unit in October 2005. Sirmons was often away from his office during that time. As previous supervisors had authorized and without any indication to the contrary from Sirmons, the examiner had a senior primary examiner review and sign applications in Sirmons' absence and submitted them for production credit. Sirmons held them until "count Monday," the submission deadline day when, without a word to the examiner, he left them in her office with the primary examiner's approving signature crossed out. She, as a result, had abysmally low production that biweek. He told her he was upset she had gone to the primary examiner and that, on his watch, everything had to go through him.

The relationship was off to a rocky start. The examiner tried to get out but was not allowed to transfer to another art unit. Two months of continuous difficulties with Sirmons brought the examiner to a level of frustration she could not tolerate. She went on annual leave in December 2005 and subsequently resigned from the USPTO in January 2006.

In June 2006 IG Special Agent Rachel Ondrik paid a surprise visit to the examiner at home and asked about her time accounting. Ondrik indicated that there were a number of discrepancies between the examiner's badge-in, badge-out turnstile records and the time she reported on her time and attendance forms. Ondrik questioned other USPTO examiners in their offices about this case in ways that they described as witness intimidation. (See *POPA News*, Jan. 2007.) The Commonwealth of Virginia arrested the examiner in July 2006 on charges of obtaining money, and attempting to obtain money, under false pretenses. The trial was held in January 2007.

Ondrik testified at the trial that one of the examiner's earlier supervisors "had warned her that those turnstile records could be audited and her time sheets should match them." The examiner testified that she had never been so warned. Interestingly, USPTO Director of Security and Safety J. R. Garland testified at the trial that the turnstile design was not intended for time keeping purposes. (See following article.)

Trial evidence and testimony showed that the defendant had spent some mornings working from her parents' home because of difficulties with her pregnancy. She would then go into the agency in the late mornings or early afternoons to complete her work. She would claim the full number of hours she had worked, even though witnesses testified that she had not received prior approval to telework

(continued on page 8)

Turnstiles — For Security, Not Time Keeping

The Commonwealth of Virginia called USPTO Director of Security and Safety J. R. Garland as a prosecution witness during the trial of an examiner for alleged theft through improper time reporting. On cross examination, as noted in the following verbatim excerpt from the trial transcript, Mr. Garland explained the intent of the turnstile design versus its current time keeping use.

Q: How do you use this system for time and attendance records?

Garland: I don't know what you mean, sir. I don't use it for time and attendance records. I use it as a security system.

Q: It's a security system.

Garland: Yes, sir.

Q: It's not a time and attendance system?

Garland: No, sir. It just records times people come and go.

Q: And you are the person who is in charge of this system; correct? Were you part of the—were you involved in the

implementation of the system at the new Carlyle complex?
Garland: Yes, sir.

Q: And it was never intended to be a time and attendance system, was it?

Mr. Casey [the prosecutor]: Judge, objection to relevance.

Mr. Schertler [the defense attorney questioning Garland]:

That's what they're using it for.

The Court: Overruled.

Garland: I can't speak to everybody's intentions.

Q by Mr. Schertler: You're the man in charge of it.

Garland: I didn't intend on it for time and attendance. For security. Not for people's times.

Q: And you don't give this out every two weeks to the patent examiners and PTO employees, so that they can prepare their time and attendance sheets using the security system, do you?

Garland: No, sir. I do not.

Examiner Not Guilty of Criminal Time Reporting Charges

(continued from page 7)

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(the hoteling program didn't exist at the time). During the times in question, the examiner maintained an outstanding production level in excess of 130 percent, the maximum percentage for which the USPTO pays examiners.

Other evidence at trial established that some of the turnstile records did not represent an accurate record of employees' time and attendance. Testimony showed that, on more than one occasion, the examiner was logged in and working on USPTO computers (something she could not have done remotely) while turnstile records indicated that she was not in the buildings. The evidence proved that the turnstile records, while perhaps useful for security purposes, could not be relied upon for employee attendance.

The jury recognized that, while the examiner may have violated an agency policy on telework, her actions were not criminal. The examiner had indeed given the USPTO every bit of work it paid her for plus more.

After the verdict, the jury foreman approached the defendant to say that he and the jury were sorry that the examiner and her family had to go through the trial. ▼

International Examiners' Reps Appeal to Patent Offices

(continued from page 4)

- The role of incentives within organizations and the extent to which different kinds of incentives are appropriate for the EPO.

The main findings of the report are:

- The standard of patentability is a key element in the system.
- Too high or too low of a standard will have adverse consequences on the system.
- There is an inherent relationship between quality and quantity and it is important to achieve an appropriate balance.
- A decline in quality has the potential for increasing workload. Applicants' perception of a lowered standard of patentability may induce a rise in the number of low-quality applications.
- Examiners are interdependent. Speeding up the work of one could slow down the work of others.
- There needs to be an appropriate balance between implicit incentives that function via performance appraisal and the esteem of peers and explicit incentives such as extra payments for higher production.

POPA's impression of the bottom line of this report is: It is in the best interest of the patent system to give examiners sufficient time to do a quality job.

A complete copy of the SUEPO study is available at http://idea.fr/doc/by/seabright/report_epo.pdf. ▼

Impasses Panel Supports POPA's Take on Negotiations Ground Rules

KA-702

POPA-USPTO contract negotiations are about to begin since the Federal Service Impasses Panel (FSIP) recently determined not to decide a ground rules dispute between the two parties.

The USPTO had asked the panel to rule that, if the agency head disapproved parts of the resulting negotiated contract, those parts would be renegotiated while the rest of the contract was implemented. POPA objected to such a ground rules change because it would enable the USPTO to pick out and eliminate those parts more favorable to employees while maintaining and implementing those parts more favorable to the agency. In essence, the agency wanted a line-item veto over any contract provision it didn't like. This would negate the collective bargaining process.

Current federal labor law requires that, if a contract provision is disapproved on agency head review, the *entire agreement* does not go into effect, not just the disapproved provision. Then the parties need to go back to negotiations with the entire agreement open for discussion. This process insures that the final agreement represents a balance of give-and-take compromises for both the agency and employees.

POPA and the USPTO previously reached agreement on all other ground rules provisions, but remained at impasse over the agency's proposed process for agency head review. POPA argued to the FSIP that the agency's proposed ground rule would waive the union's statutory right to renegotiate the agreement — a right the FSIP did not have the authority to waive.

The FSIP found for POPA by refusing to take jurisdiction of the impasse. The remaining ground rules stand, putting contract negotiations on track for this summer. ▼

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D U N L E V Y F O R E N S I C

Dunlevy Forensic Reconstruction

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC#
DATE FILED: 8-23-2010

PRO SE OFFICE

UNITED STATES OF AMERICA,

Plaintiff,

08 Civ. 10223 (NRB) (DFE)

- v. -

DECLARATION OF DEBORAH
A. DUNLEVY IN OPPOSITION
TO PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT

DANIEL B. KARRON,

Defendant.

I, DEBORAH A. DUNLEVY, pursuant to 28 U.S.C. § 1746, declare under the
penalty of perjury as follows:

BACKGROUND

1. I am an forensic bookkeeper.
2. I have over 30 years professional experience doing corporate audits, not for profit audits, and high net worth individual tax returns.
3. I have over 5 years' experience allocating expenses in a not-for-profit grant funded educational entity, Charter Schools in the Bronx
4. I am fully cognizant of the various flavors of the OMB Cost Principles cited in this matter over the years.

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5. I have 5 years knowledge of the both the business and personal transactions of
 - a. Dr. Karron,
 - b. Computer Aided Surgery, Inc.
 - c. CASI, LLC.
6. I was not involved with Karron or Computer Aided Surgery or CASI in any way during the NIST ATP project period, or afterward until sometime in 2004.
7. I have personally reconstructed all of the accounts of all of all the entities for the period June 1, 2001 through December 31, 2003.
8. I have not been denied access to any records.
9. I have personally inspected multiple times every single document of any relevance in this case.
- 10.I think Dr. Karron is a kook, but not a criminal.
- 11.I have not found any evidence of fraud.
- 12.I personally detest Dr. Karron because he owes me money.
- 13.I believe Dr. Karron is a genius with no common sense.
- 14.My initial involvement with Dr. Karron was as a tax preparer with Jill Feldman, CPA who was initially the CASI accountant.

15.The date of my initial involvement with Karron was in Autumn 2004, while working as a contractor for Feldman.

16.Karron had asked Feldman to finish the corporate taxes Hayes abandoned.

17.Dr. Karron re-engaged Feldman after disengaging Hayes because of Hayes' poor service as Accountant and Auditor.

18.Almost all of the clients Feldman sold to Hayes were dissatisfied with Hayes service and many returned to Feldman.

19.I worked with the successor CASI Accountants Randall Newman, JD CPA

20.I worked with Karron's criminal lawyer M. Scott Peeler, ESQ

21.I worked with Karron's criminal lawyer Ronald Rubinstein, ESQ

22.I worked with the successor Accountant and Auditor Melvin Spitz CPA.

23.I worked with the following IRS Revenue Agents

a. Bonanno (2005-2006)

b. Irrizardi (2006-2008)

c. Berk(2010)

WHAT I HAVE DONE

1. I have prepared a comprehensive forensic reconstruction.

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2. It is a standalone set of number that have been prepared from source documents.
3. I could not reconstruct from the records left by Spring and Jackson.
4. The NIST ATP grant situation is not complicated at all.
5. Of the grant drawdowns for the entire period in questions, FIVE numbers comprise at least 85 per cent of the total spending.

They are

- Payroll
- Payroll Taxes
- Employee Benefits
- Outside Services
- Equipment

MY OBSERVATIONS

6. I believe that Karron had a rudimentary accounting system that was destroyed by Haye's unsuccessful attempt to implement an overambitious and expensive quad entry fund accounting system off site.
7. Fund Accounting is used only by government entities anyway.
8. Frank Spring was an incompetent bookkeeper.

9. While he was paying bills, checks were bouncing.

10. My job as forensic bookkeeper was to attempt to understand how and what Hayes did to Dr. Karron and the NIST ATP Project.

11. Hayes wore too many hats:

- a. Dr. Karrons' personal tax accountant
- b. CASI corporate accountant
- c. Overly involved in CASI management functions such as changing payroll over half a dozen payroll periods, and the payroll was still done incorrectly; and prepared under the wrong tax identification numbers. There is enough correspondence from IRS as well as tax liens to keep me busy for another 6 months to straighten out this mess.
- d. NIST accountant, auditor and possible whistleblower.
- e.

12. I carefully reviewed the Hayes taxes on the CASI Payroll . There are many errors in the taxes as calculated and complete disregard for the change in corporate entity that occurred on 8/30/2002 when she did not catch the mistake of Joel Bernstein, ESQ, in changing CASI from a C-corporation to a LLC. This constitutes professional tax negligence. You do not change entity status when you have a net operating loss in the predecessor entity;

because you lose the tax benefits of the net operating loss. This is an additional example of the incompetence of Hayes.

13. Hayes erroneously reported that CASI had no carry forward NOL.
14. Hayes led Bernstein to believe that a novation to LLC would better enable shareholders to use the CASI LLC tax losses to offset their taxes.
15. Hayes did not respect the change in corporate entity from a C-corporation to an LLC and continued to file taxes with the wrong EIN and the wrong Name.
16. I believe she fraudulently led the IRS to believe that there were two parallel payrolls and caused the IRS to double CASI's tax liability.
17. She then offered to "fix" this for Karron; the problems that she had caused.
18. She refused to return the primary payroll documents that rightfully belong to CASI. She also refused to return records. If a client owes a CPA money, you do not have a lien on their source documents. Those documents belong to the client. Them owing you money is a separate contract issue.
19. The successor accountant Jerome Schwartz wrote a memo about Hayes bizarre reasoning for not returning CASI payroll documentation.
20. There was a second set of payroll timesheets; different then the first set signed and filed by the employees discovered during the criminal case discovery.

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21. I believe the behavior of Hayes led the NIST budget people to believe that

Dr Karron was stealing money.

22. CASI had an extensive and generous benefit plan. There other expensive

elective surgeries covered by the CASI benefit plan. So there was

precedent for various elective surgeries.

23. I looked at the various copies of Quickbooks on Dr. Karron's machine.

Because of the mayhem left by Ken Jackson and Frank Spring, including

bouncing checks (Dr. Karron did not bounce checks, checks only started

bouncing with Frank Spring took the bookkeeping off site and left Dr.

Karron blindsided). Since there were so many copies of Quickbooks; I

decided to redo instead of try to edit because there was no way to tell which

version to edit.

24. At the height of CASI corporate activities, there were only 75 checks a

month, which was not an overwhelming number of transactions.

25. The payroll should have never been in house; it should have been done by

an outside service such as ADP or Paychex.

26. When Hayes did order Karron to use an outside Payroll Service, Karron did

comply. Hayes in her infinite wisdom set the payroll up under the wrong

ID number and took the money of a different entity cash account. In the

same vein, Hayes ignored the new corporate entity.

27. Hayes continued to meddle in CASI affairs, as indicated by Rothman's paychecks coming in the name Hayes LLC instead of CASI LLC name well after the grant was suspended in Autumn 2003, with funding continuing out of Dr. Karron's pocket. Payroll services are pretty good at doing what you tell them. They do not make up corporate names of their own volition. This was another example of Hayes meddling and mucking things up royally.
28. When this error was discovered, Hayes wrote e-mail to the payroll service disavowing her involvement with CASI. This is another example of Hayes lying after she has mucked something up.
29. I believe Hayes continued to meddle and attempt to control CASI after the grant was suspended. She continued to bother IRS agent Bonanno when she was no longer CASI's accountant. I believe the time frame on this spring 2006.
30. There is no problem using Quickbooks Class function to segregate how the money was spent.
31. Every penny has been accounted for in my analysis..
32. I carefully reconstructed 5 years of transactions using bank statements, American Express, Mastercard and minimal out of pocket petty cash transactions.

33.I found paid bills for all checks I looked at.

34.I had no trouble finding backup for all checks from Dr. Karron's personal account.

35.Everything was obsessively and excessively saved on the computer.

Such as checks before signing, checks with the invoices attached, checks after signing, checks after clearing the bank, checks were filed by date, by check number. If there was a mistake on how a check was filed, it could be found by any of several methods, ways and means. There was no such thing as "lost" paperwork; misfiled, yes, but lost, not a chance. Dr. Karron had copies of checks and credit card receipts at every step of the paper trail

36.In thirty years of accounting experience, I have yet to see any client with multiple checkbooks not make a mistake and pull the wrong check or deposit into the wrong account. These are considered innocent mistakes.

Company A pays back Company B. It happens and it can corrected without federal criminal prosecution.

37.Hayes student, Nicole Wynter repeatedly wrote checks for Dr. Karron on the wrong account for signatures.

38.Since there were so many voided checks, I have to assume Dr Karron would refuse to sign checks with the wrong color or without the appropriate backup invoices attached.

39. There were a number of checks written out of sequence as well.

RENT

1. Dr Karron has used his home as an business office since he purchased it 1997
2. It is common small business practice for a corporate entity to pay rent on a segregated home office. It's good tax planning.
3. The rent income received from the corporation was picked up Karrons' personal tax return, Form 1040. This has been going on for many years.
4. How could Hayes allege that this is fraudulent or hidden when it has been done this way for several years.
5. Hayes prepared Karron's tax returns for 2000 include schedule E showing rent income.
6. You could see 8 computer stations in the living room.
7. That clearly qualifies as business use of the house under IRS guidelines.
8. Karron's prior tax returns confirm that the Karron apartment qualified for business use.
9. The rent expense on the corporation was not charged to the NIST ATP grant. The checks were written out of the INC account and charged in their own segregated category of RENT.
10. In my reconstruction, this "RENT" was treated as draw until I figured out what actually had happened.

ATTACHMENTS TO INCLUDE AS EVIDENCE

Appended to this statement are true and correct copies of documents I have personally examined, prepared, or have analyzed.

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My submission is quite voluminous due to the fact that I reconstructed the records; and my numbers and analysis differ drastically from the Hayes audit report. I have accounted for every penny in and out of every account. I have done an extremely detailed forensic accounting. This accounting is much more detailed and focused than would be normally done in an everyday business environment. This accounting is overkill. There are detailed American Express accounts; Mastercard has its own journal entries, petty cash has its own journal entries. The purpose of this extra diligence is so that any other competent professional could assess and ascertain the correct numbers. They could also follow the detailed trail of events.

For more information, look at the attachment lead sheets AAC-101 to AAC-118. It is the index into the over 900 page submission.

I have found this case fascinating in both its simplicity; the number and kind of mistakes that have been made. A common mistake would be to misfile a payroll tax return. It is fixable. You file an amended return. You do not continue to file a year of payroll tax returns under the wrong tax id number. If you add up numbers

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wrong, you will have missed a number, or doubled up on a number, not made up some other number, such as Dr. Karron's gross salary.

I hope that this will clarify that there was indeed co-funding. That Karron did put his own money into the project, and that scientific research was completed.

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I declare under the penalty of perjury that the foregoing is true and correct.

Signed this 23 day of August 2010, in Long Beach, New York.

By:

Deborah A Dunlevy

DEBORAH A DUNLEVY

31- 18 Broadway, Apt 2R

Long Island City, NY 11106

KA-723

Forensic Reconstruction

KA-723

CASI ENTITIES

for the period

10/01/01 through 12/31/03

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	Starting		Ending		Topic
A 1	AA	001	AA	010	Overview
A 2	AAC	101	AAC	118	Index of Submitted Items
B	BAC	101	BAC	159	SF 269 A FYE 9/30/02
C	BAC	160	BAC	234	SF 269 A FPE 12/31/03
D	BAC	291	BAC	300	To & From DB Karron G/L A/C's 1900 & 2900
E 1	BAC	301	BAC	400	Co-Funding
E 2	BAC	401	BAC	541	Cash
F	CAC	101	CAC	178	G/L Balance Sheet A/C's
G	CAC	191	CAC	321	G/L Income & Expenses
H	CAC	322	CAC	426	Amex, Mastercard Payroll Analysis
I	HABAC	500	HABAC	593	Questions about Audit
J	HABAC	600	HABAC	636	Audit Discrepancies

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A 1

Overview

AA 001 to AAC 010

Overview

AA 001A,B,C	Index & Introduction to Summary of Discrepancies
AA 002	Comparison of Budget, Actual and Hayes Audit
AA 003	DB Karron Gross Salary Discrepancy
AA 004	DB Karron Co-Funding Discrepancy
AA 005	Equipment & In-Kind Contribution Discrepancy
AA 006	Monies to & from DB Karron
AA 007	Monies to DB Karron FYE 9/30/02
AA 008	Monies to DB Karron FPE 12/31/03
AA 009	Monies from DB Karron FYE 9/30/02
AA 010	Monies from DB Karron FPE 12/31/03

These twelve pages summarize the major differences from the audited Hayes numbers and the reconstructed numbers prepared at the end of 2004 and during 2005 (after the time period in question).

There is almost a wonton disregard for reconciliation(s) and pure numeric facts.

There was either no audit done by Hayes, or a very poor quality, extremely shoddy audit as shown by variances in several "key" accounts. In small company audits, there is a concept of related parties - officers, partners, major shareholders. DB Karron was 100% owner of Computer Aided Surgery Inc.; special attention should have been paid to the monies that went to and from Karron for the benefit of CASI.

Riley, as a former IRS agent, should have caught the rent income that was reported on Karron's personal income tax return. Riley, as OIG auditor, should have been well aware of the In Kind Contribution allowed for using previously owned equipment for grant purposes. Riley, took as gospel, bad numbers and did nothing to correct them.

The areas of sloppiness cover officer's salary, Co-Funding, In-Kind Contribution and Accounts Payable as well as the previously mentioned monies to and from DB Karron.

My declaration is so large because it gives a professional auditor all the information they would need to discern these facts.

Aside from this overview and the index that follows, there are the B & C sections which are the amended quarterly reports, SF 269 A. The D section is the monies to and from DB Karron.

E 1 section shows Co-Funding of over \$78,000.

E 2 section shows all cash transactions. Every penny has been accounted for - by date as well as by payee.

Section F (Balance Sheet) and Section G (Income and Expenses) are the individual General Ledger accounts.

The volume of pages is due to a software constraint.

The software only lets you can print an individual account when printing a period longer than one fiscal year. CASI's fiscal year ended in May, so that this was the only way to show ALL the activity that happened.

Section H covers the corporate American Express credit card, the personal Mastercard (that was used over 50% for business); as well as payroll analysis for the extremely messed-up payroll tax returns.

Section I goes into questions about the audit; specific areas such as payroll, accounts payable, employee benefits. There is a class function of Quickbooks - which allows you to segregate and allocate the various sources and uses of funds.

This section also covers the entity change from a corporation to a LLC which was also professional tax negligence (due to a pre-existing Net Operating Loss on the corporation).

Section J shows the discrepancies on pages HABAC 617 and HABAC 621. There was Co-Funding of 78,204.28; as opposed to zero that is reflected in both Hayes and Riley reports. This variance, by itself, is over 9.77 % of the grant amount for the first year of \$800,000.

The officer loan accounts, to Karron (A/C 1900) and from Karron (A/C 2900), accurately reflect transfer activity from DB Karron. As an aside, in the second grant year until wrap-up; \$100,560 was co-funded. I am confused - co-funding of \$178,764 versus -0-. I guess it was a rounding error???

Last, but not least, Karron was never afforded the opportunity for an audit resolution. You also could change dollars between categories without prior approval from NIST. The grant went from payroll heavy to technology heavy. Change in category - that's all.

My cursory review of Hayes workpapers and general ledger shows inconsistencies. There is co-funding of 29,500 on the profit & loss; as well as 111,000 as salary advance. Advances are usually shown as other assets - they are not profit & loss items. I also question the allocation of Karron salary. If you have a full-time business manager, Gurfein, your time should only be spent on scientific research. There should be no allocation to administration. Secondly, the government has time sheets for research work. Any night and weekend work could be admin time.

Before the grant started CASI owned equipment of \$73,507. During the grant, hardware and software of \$312,936 was acquired. This is a total of \$388,443. **ALL** of this equipment was seized by the government in June 2007. Government seized equipment that was not theirs. More important than the physical equipment is the **intellectual property, work product & custom software** that Karron and company team developed - this was seized as well.

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	A	B	C	D	E
1	Amended SF 269 A Report of Spending				
2					
3					
4					
5					Per Hayes
6			BUDGET	ACTUAL	Audit Report
7					
8					
9		INCOME	HABAC 592	HABAC 591	HABAC 593
10					
11		Co Funding	36,500.00	78,204.28	0.00
12		NIST ATP	800,000.00	800,000.00	800,000.00
13					
14		Total Funding	836,500.00	878,204.28	800,000.00
15					
16		EXPENSES			
17	A	Payroll	325,000.00	331,789.92	322,537.00
18	B	Benefits	110,500.00	87,927.26	84,669.00
19	C	Travel	20,000.00	15,655.21	18,450.00
20	D	Equipment	110,000.00	312,936.37	223,503.00
21	E	Supplies	11,000.00	7,066.30	15,302.00
22	F	Outside Service	250,000.00	78,228.99	99,129.00
23					
24	G	Other	10,000.00		
25					
26		Dues and Subscriptions			736.00
27		Professional		15,870.00	10,195.00
28		Rent (Error)		2,000.00	
29		Repairs & Maintenance		4,315.52	1,425.00
30		Utilities		10,829.33	13,895.00
31					
32		Total Expenses	836,500.00	866,618.90	789,841.00
33					
34		Excess Funding		11,585.38	
35		Funds Carried to Next Year			10,159.00
36					
37		N LLC N		94.10	
38		NIST ATP		818,729.80	
39		NN Co Funding		47,795.00	
40		Total Expenses		866,618.90	
41					
42		Co Funding		78,204.28	
43		Excess Expenses		(66,618.90)	
44		Excess Funding		11,585.38	

AA 002

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I met DB Karron in the fall of 2004. I was doing per diem work for Jill Feldman, his current accountant at the time. I proceeded to reconstruct the CASI company records. In doing this reconstruction of records I used source documents. These documents were copies of bank statements and credit cards. There were four company bank accounts and a revolving credit line at Chase Bank, the corporate American Express, and a personal Mastercard that was used at least 50% of the time for business expenses. There was also a small amount of out of pocket cash (petty cash) that was advanced by DB Karron.

One of the major problems in small business accounting is the problem of an owner using the right pocket of personal monies for the left pocket of business monies. And, of course, the opposite of using the left pocket of business monies for right pocket personal expenses. Generally, as long as you, the owner, are owed more money by the corporate entity than you are owing to the corporate entity you have what the tax accountants call "basis" in your company.

In reconstructing these records there are 4 major differences in my actual numbers and the numbers of the Hayes audit. The audit period was 10/01/01 to 9/30/02.

- 1 The actual **Gross Salary** received by DB Karron was \$184,252.72
This salary was comprised of 6 checks and one journal entry.
For simplicity, I am listing those items here.

Date	Check No. Payee	Amount
5/11/02	10192 DB Karron	8,333.33
6/3/02	10212 DB Karron	8,333.33
7/5/02	10290 DB Karron	14,583.33
7/5/02	10291 DB Karron	14,583.33
7/5/02	10292 DB Karron	14,583.33
8/2/02	10401 DB Karron	61,918.07
Sub-Total Checks		122,334.72
9/30/02 AJE	DB Karron	61,918.00
Total Gross Salary Received		184,252.72
Salary per Hayes		175,000.00
Difference		9,252.72

Additional References

HABAC 501 to 506

These 7 numbers were not added up correctly by Hayes, Riley, Kwok as well as any other supervisors that were involved.

DB Karron Gross Salary Discrepancy

AA 003

2 The second difference is the Co-Funding . Hayes audit report shows zero in Co-Funding. I show that \$78,204.28 was either deposited to CASI bank accounts, or a personal check was used to pay for business expenses, or Mastercard paid for expenses. The Mastercard was paid by DB Karron personally. Here is a summary of expenses that were paid for by DB Karron's funding.

		HABAC						
			CAC 113	BAC 311	629 to 631	HABAC 632	CAC 115	HABAC 632
A/C No.	Account Name	Total Co-Funding	NCR Exp Reimb	Out of Pocket	Master-Card	In-Kind Equipment	Personal Check to Bank	Personal Check to Vendors
1010	NCR Check	207.51	207.51					
1010	DB Karron Check 5173	3,000.00					3,000.00	
6000	Accounting	500.00						500.00
6010	Auto	301.16		194.15	107.01			
6019	Books	410.67			410.67			
6020	Communications	1.00		1.00				
6040	Computer Installation	689.23			689.23			
6050	Conference	300.00			300.00			
6053	Dues & Subscriptions	91.06			91.06			
6060	Employee Benefits	36,112.55		30.00	18,787.55			17,295.00
6120	Miscellaneous	147.01			147.01			
6130	Office	357.06			357.06			
6175	Postage & Delivery	31.35		31.35				
6178	Repairs	248.10		75.00	173.10			
6330	Research & Development	32,114.25			2,114.25	30,000.00		
6349	Stationery	191.02			191.02			
6370	Travel	3,502.31		1,134.32	2,367.99			
Total		78,204.28	207.51	1,465.82	25,735.95	30,000.00	3,000.00	17,795.00
Total			A/C	A/C	A/C	A/C	A/C	A/C
Co-Funding			4010	4013	4014	4015	4712	4912
HABAC 602								

DB Karron Co-Funding Discrepancy

Hayes Audit Co-Funding	0.00
GX 114 Co-Funding per Riley	0.00
Actual Co-Funding	78,204.28
Materiality Percentage (to \$80,000 Grant)	9.78%

Co-Funding of 5 % was met and ignored by 2 auditors - Hayes and Riley

5 % of \$800,000 is \$40,000. \$78,204.28 exceeds \$40,000.

AA 004

A-456

KA-732

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- 3 The third difference is the dollars spent on equipment. Again Hayes has \$223,503.00 and the amount in the CASI General Ledger is \$290,143.29. This is a difference of \$66,640.29. Thirty thousand of this difference is due to ignoring the Co-Funding of In-Kind Equipment. Under the Grant Rules you may consider prior owned equipment to be used for grant purposes, no need to buy new equipment if you can use what you already own.

GAAP (Generally Accepted Accounting Principles) uses accrual basis accounting. In this basis there are accounts receivable (owed to the CASI) as well as accounts payable (monies CASI owes to their suppliers). CASI owed Silicon City \$16,532.55 from at least 5/31/02. CASI also owed Silicon Graphics \$30,726.15 from 1/9/02. Since these 2 companies have been suppliers since 1996 to CASI they were not overly concerned about being owed money and being paid later than was customary.

To Recap:

Per Hayes HABAC 593		223,503.00	Audit Report
	Per HABAC 624-626	212,884.59	Cash Paid to Vendors
	Per HABAC 625	16,532.55	A/P Silicon City
	Per HABAC 625	30,726.15	A/P Silicon Graphics
HABAC 607	Total per HABAC 626	260,143.29	A/C 6330
HABAC 607	Per HABAC 627	30,000.00	In Kind
	Per HABAC 581	22,793.08	See Schedule Below
Total costs incurred by CASI HABAC 581		312,936.37	
Difference		89,433.37	

IN KIND Contribution of Equipment was ignored by 2 auditors - Hayes and Riley. Amount of Co-Funding is \$30,000.

Per HABAC 581 Combination Sheet		
HABAC 604	Amex Software	3,294.54
HABAC 604	Amex Tech	349.55
HABAC 604	Amex Tools	387.25
HABAC 603	Amex Computer Installation	3,944.91
HABAC 603	Amex Equipment	10,802.85
HABAC 605	NIST ATP Computer Installation	3,684.23
HABAC 606	NIST ATP Paypal	329.75
		22,793.08

Equipment & In-Kind Contribution Discrepancy

AA 005

A-457**KA-733**

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KA-733**KA-733**

- 4 The fourth difference is the *officers loan accounts*. The monies taken out of CASI, put into CASI, and reclassified to other expenses such as Rent and DB Karron Gross Salary.

The 1900 A/C'S are the monies taken out by DB Karron. These monies should have been considered "net salary" and "grossed-up" to the correct salary amount. Since the initial checks that were taken in October 2001 were not "fixed" until August & September 2002, ten and eleven months after they were taken out this should be considered serious negligence by accountant Hayes.

The 2900 A/C's are the monies put in by DB Karron, as well as the 4000 A/C's that should have been considered as Co-Funding.

One of the major problems in small business accounting is the problem of an owner using the right pocket of personal monies for the left pocket of business monies. And, of course, the opposite of using the left pocket of business monies for right pocket personal expenses. Generally, as long as you, the owner, are owed more money by the corporate entity than you are owing to the corporate entity you have what the tax accountants call "basis" in your company.

The following pages reflect the activity in the respective accounts.

AA 007	Monies to DB Karron FYE 9/30/02
AA 008	Monies to DB Karron FPE 12/31/03
AA 009	Monies from DB Karron FYE 9/30/02
AA 010	Monies from DB Karron FPE 12/31/03

Monies to & from DB Karron

AA 006

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Monies to DB Karron FYE 9/30/02

AA 007

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G/L	A/C	Type	Date	Number	Name	Memo	Class	Opening	Debit	Credit	Balance
1901	Opening		10/1/02					2,000.00			
1901	AJE		12/31/02	LLC	Rcls Rent		RENT			(2,000.00)	0.00
1902	Opening		10/1/02					8,765.81			8,765.81
1903	Opening		10/1/02					4,000.00			
1903	AJE		12/31/02	LLC	Rcls Rent		RENT			(4,000.00)	0.00
1904	Opening		10/1/02					2,000.00			
1904	Check		11/15/02		DB Karron				4,530.38		6,530.38
1905	Opening		10/1/02					53,000.00			53,000.00
1906	Opening		10/1/02					4,000.00			
1906	AJE		12/31/02	LLC	Rcls Rent		RENT			(2,000.00)	
1906	AJE		12/31/02	LLC	Rcls Rent		RENT			(2,000.00)	0.00
1907	Check		1/28/03	10770	DB Karron		NIST ATP		2,325.41		
1907	AJE		2/7/03	AE020703	PJ's Surfrider		NIST ATP		23.68		
1907	Check		2/12/03	10792	DB Karron		NIST ATP		758.59		
1907	Check		3/9/03	10845	DB Karron		NIST ATP		3,027.24		
1907	AJE		3/31/03	LLCMar 2003	Rcls Rent		RENT			(6,000.00)	
1907	Check		4/16/03	10887	DB Karron		NIST ATP		4,640.10		
1907	AJE		4/30/03	LLCApr2003	Rcls Rent		RENT			(2,000.00)	
1907	Check		7/7/03	10	DB Karron		N LLC N		4,107.11		
1907	Check		9/26/03	3565	DB Karron		LLC		2,968.00		
1907	Check		10/22/03	LND 1001	DB Karron		N LLC N		11,349.68		
1907	Check		11/11/03	3581	DB Karron		LLC		4,006.37		
1907	AJE		11/30/03	LLCNov2003			RENT			(14,000.00)	
1907	AJE		12/31/03	LLCDec2003			RENT			(2,000.00)	9,206.18
1908	Opening		10/1/02					(8,175.74)			
1908	AJE		12/29/02		Hayes error					(3,965.06)	
1908	AJE		12/31/02		Hayes error				1,397.88		
1908	AJE		7/6/02		Hayes error		AJE		1,161.26		
1908	AJE		8/3/02		Hayes error		AJE			(3,959.10)	
1908	AJE		9/28/02		Hayes error		AJE		260.79		
									0.01		
1908	AJE		9/29/02		Hayes error		AJE			(398.60)	(13,678.56)
								65,590.07	40,556.50	(42,322.76)	63,823.81
Summary											
					Opening	10/01/02		65,590.07			
					Checks & Other Debits				37,736.56		
					Rcls Rent	Credits				(10,000.00)	
					Rcls Rent	Credits				(24,000.00)	
					Hayes Errors	Debits			2,819.94		
					Hayes Errors	Credits				(8,322.76)	
								65,590.07	40,556.50	(42,322.76)	63,823.81
Other Reference											
					BAC 328						9/30/02
					BAC 329				Debits	Credits	Balance
Monies to DB Karron FPE 12/31/03											

AA 008

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G/L	A/C	Type	Date	Number	Name	Memo	Class	Personal	Debit	Credit	Balance
2900	Opening		5/31/01								(89,531.00)
2901	AJE		10/1/01		In Kind				30,000.00		
2901	AJE		10/1/01		In Kind					(30,000.00)	0.00
2910	Deposit		6/13/01	DBK 5148			INC			(250.00)	
2910	Deposit		7/2/01	DBK 5150			INC			(1,000.00)	
2910	Deposit		7/13/01				INC			(250.00)	
2910	Deposit		7/23/01	DBK 5158			INC			(400.00)	
2910	Deposit		7/26/01	DBK 5160			INC			(200.00)	
2910	Deposit		7/31/01	DBK 5162			INC			(1,000.00)	
2910	Deposit		8/17/01	DBK 5169			INC			(1,000.00)	
2910	Deposit		8/31/01	DBK 5172			INC			(3,000.00)	
2910	Deposit		9/28/01	DBK 5180			INC			(900.00)	
2910	Deposit		10/11/01	DBK 1006			INC			(2,000.00)	
2910	Deposit		12/4/01	DBK 5189			INC			(5,000.00)	
2910	Deposit		3/21/02	DBK 1052			INC			(1,000.00)	
2910	Deposit		8/13/02	DBK 5168			INC			(20,000.00)	
2910	Deposit		8/16/02	DBK 5165			INC			(1,000.00)	(37,000.00)
2913	AJE		9/30/01	OOP 093001			INC			(156.87)	
2913	AJE		5/31/02	OOP 053102			NIST ATP			(886.18)	
2913	AJE		5/31/02	OOP 053102			NN CO-FUND		886.18		
2913	AJE		8/31/02	OOP 083102			NIST ATP			(485.54)	
2913	AJE		8/31/02	OOP 083102			NN CO-FUND		485.54		
2913	AJE		9/30/02	OOP 093002			N LLC N			(94.10)	
2913	AJE		9/30/02	OOP 093002			NN CO-FUND		94.10		(156.87)
2914	Transfer		6/28/01		From MC					(1,262.75)	
2914	Transfer		7/30/01		From MC					(1,287.16)	
2914	Transfer		8/29/01		From MC					(1,403.27)	
2914	Transfer		9/28/01		From MC					(3,843.61)	
2914	AJE		9/30/01	MC DBK	Personal		DBK	2,589.78			(5,207.01)
2914	Transfer		10/30/01		From MC					(7,566.66)	
2914	Transfer		11/22/01		From MC					(1,975.41)	
2914	Transfer		12/31/01		From MC					(3,222.62)	
2914	AJE		12/31/01	MC DBK	Personal		DBK	5,582.32			
2914	AJE		12/31/01		Co-Funding		NN CO-FUND		7,182.37		(5,207.01)
2914	Transfer		1/29/02		From MC					(3,507.53)	
2914	Transfer		2/28/02		From MC					(1,785.22)	
2914	Transfer		3/28/02		From MC					(3,303.95)	
2914	Transfer		4/26/02		From MC					(3,962.10)	
2914	Transfer		5/29/02		From MC					(1,311.07)	
2914	AJE		5/31/02	MC DBK	Personal		DBK	6,121.40			
2914	AJE		5/31/02		Co-Funding		NN CO-FUND		7,694.40		(5,261.08)
2914	Transfer		6/28/02		From MC					(5,231.64)	
2914	Transfer		7/30/02		From MC					(3,722.58)	
2914	Transfer		8/29/02		From MC					(6,669.95)	
2914	AJE		8/31/02	MC DBK	Personal		DBK	4,664.99			
2914	AJE		8/31/02		Co-Funding		NN CO-FUND		10,859.18		
2914	Transfer		9/30/02		Personal					(5,702.08)	(11,063.16)
								18,958.49	57,201.77	(124,380.29)	(137,751.03)
Summary							Reference	Personal	Debit	Credit	Balance
			5/31/01	Opening							(89,531.00)
										(37,000.00)	(37,000.00)
										(30,000.00)	
									30,000.00		
										(156.87)	(156.87)
										(1,465.82)	(57,201.77)
									1,465.82		57,201.77
										(55,757.60)	
								18,958.49			
									25,735.95		(11,063.16)
								18,958.49	57,201.77	(124,380.29)	(137,751.03)
											9/30/02
Monies from DB Karron FYE 9/30/02											

AA 009

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GL A/C	Type	Date	Number	Name	Memo	Class	Opening Balance	Personal	Debit	Credit	Balance	
2900	Opening	10/1/02					(89,531.00)				(89,531.00)	
2910	Opening	10/1/02					(37,000.00)					
2910	Deposit	10/4/02	DBK 1129			INC				(5,000.00)		
2910	Deposit	11/14/02	DBK 1142			INC				(5,000.00)		
2910	Deposit	12/4/02	DBK 1152			INC				(2,500.00)		
2910	Deposit	12/10/02	DBK 1153			INC				(2,500.00)		
2910	Deposit	12/12/02	DBK 1154			INC				(2,500.00)		
2910	Deposit	1/23/03				INC				(2,000.00)		
2910	Deposit	3/18/03				INC				(2,000.00)	(58,500.00)	
2911	AJE	10/15/03	DBK 1253			LLC				(472.00)		
2911	AJE	12/3/03	DBK 5376			LLC				(2,000.00)		
2911	AJE	12/3/03	DBK 5375			LLC				(1,000.00)		
2911	AJE	12/5/03	DBK 1268			LLC				(2,000.00)		
2911	AJE	12/8/03	DBK 1275			LLC				(500.00)		
2911	AJE	12/17/03	DBK 5379			LLC				(2,500.00)		
2911	AJE	12/17/03	DBK 5380			LLC				(2,500.00)		
2911	AJE	12/31/03	DBK 123103			LLC				(1,050.00)		
2911	AJE	12/31/03	DBK 123103			LLC				(1,000.00)		
2911	AJE	12/31/03	DBK 123103			LLC				(200.00)		
2911	AJE	12/31/03	DBK 123103			LLC				(130.00)		
2911	AJE	12/31/03	DBK 123103			LLC				(2,000.00)		
2911	AJE	12/31/03	DBK 123103			LLC				(200.00)	(15,552.00)	
2913	AJE	9/30/01	OOP 093001				(156.87)					
2913	AJE	5/31/02	OOP 053102			N LLC N				(523.52)		
2913	AJE	5/31/02	OOP 053102			N LLC N			523.52			
2913	AJE	8/31/02	OOP 083102			N LLC N				(1,810.48)		
2913	AJE	8/31/02	OOP 083102			N LLC N			1,810.48			
2913	AJE	9/30/02	OOP 093002			LLC				(1,402.64)	(1,599.51)	
2913	AJE	9/30/02	OOP 093002									
2914	Opening	10/1/02					(11,063.16)					
2914	Transfer	10/29/02		From MC						(3,857.79)		
2914	Transfer	11/29/02		From MC						(1,197.80)		
2914	Transfer	12/30/02		From MC						(1,379.09)		
2914	AJE	12/31/02	MC DBK	Personal		DBK		8,577.21				
2914	AJE	12/31/02	MC DBK	Co-Funding	NN CO-FUND				3,559.55			
2914	AJE	1/29/03	MC DBK	Personal		DBK		5,544.86				
2914	Transfer	1/31/03		From MC						(7,404.04)		
2914	AJE	1/31/03		Co-Funding	NN CO-FUND				1,229.00			
2914	Transfer	2/28/03		From MC						(3,305.96)		
2914	AJE	2/28/03	MC DBK	Personal		DBK		386.27				
2914	AJE	2/28/03	MC DBK	Co-Funding	NN CO-FUND				2,484.94			
2914	Transfer	3/31/03		From MC						(4,350.88)		
2914	AJE	3/31/03	MC DBK	Personal		DBK		1,258.55				
2914	AJE	3/31/03	MC DBK	Co-Funding	NN CO-FUND				2,588.06			
2914	Transfer	4/30/03		From MC						(1,772.66)		
2914	AJE	4/30/03	MC DBK	Personal		DBK		727.33				
2914	AJE	4/30/03	MC DBK	Co-Funding	NN CO-FUND				81.50			
2914	Transfer	5/29/03		From MC						(1,674.47)		
2914	AJE	5/30/03	MC DBK	Personal		DBK		1,013.07				
2914	AJE	5/31/03	MC DBK	Co-Funding	NN CO-FUND				261.61			
2914	Transfer	6/28/03		From MC						(1,159.23)		
2914	AJE	6/30/03	MC DBK	Personal		DBK		656.17				
2914	AJE	6/30/03	MC DBK	Co-Funding	NN CO-FUND				81.50			
2914	Transfer	7/29/03		From MC						(1,173.79)		
2914	AJE	7/30/03	MC DBK	Personal		DBK		270.95				
2914	Transfer	8/26/03		From MC						(6,763.55)		
2914	AJE	8/30/03	MC DBK	Personal		DBK		661.45				
2914	Transfer	9/29/03		From MC						(1,568.38)		
2914	AJE	9/30/03	MC DBK	Personal		DBK		868.98				
2914	Transfer	10/29/03		From MC						(2,458.81)		
2914	AJE	10/30/03	MC DBK	Personal		DBK		1,679.31				
2914	Transfer	11/28/03		From MC						(1,536.98)		
2914	AJE	11/30/03	MC DBK	Personal		DBK		373.39				
2914	Transfer	12/30/03		From MC						(2,352.25)		
2914	Transfer	12/30/03	MC DBK	Personal		DBK		1,595.15			(19,117.99)	
							(137,751.03)	23,612.69	12,620.16	(82,742.32)	(184,260.50)	
Summary							Reference	Balance	Personal	Debit	Credit	Balance
							10/1/02 Opening	(89,531.00)				(89,531.00)
							A/C 2910 INC A/C 1000	(37,000.00)			(21,500.00)	(58,500.00)
							A/C 2911 LLC Post Grant				(15,552.00)	(15,552.00)
							A/C 2913 OOP	(156.87)			(1,402.64)	(1,559.51)
							OOP				(2,334.00)	(12,820.16)
							Co Funding			2,334.00		12,820.16
							Mastercard	(11,063.16)			(41,953.68)	
							Personal		23,612.69			(19,117.99)
							Co Funding			10,286.16		
								(137,751.03)	23,612.69	12,620.16	(82,742.32)	(184,260.50)
12/31/03												
Monies from DB Karron FPE 12/31/03												

Monies from DB Karron FPE 12/31/03

AA 010

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A 2

Index of Submitted Items

AAC 101 to AAC 118

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	A	B	C	D	E	F	G	H	I	J	K	L	M
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A 600

AAC 101

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A	B	C	D	E	F	G	H	I	J
Detail Listing of BAC101 to 234, BAC 291 to 399, BAC 401 to 541									
1	2	3	4	5	6	7	8	9	10
					Description	Acct Number	Beginning Date	Ending Date	
BAC 101					Index of SF 269 A Quarterly Reports		10/1/01	9/30/02	
BAC 102					159 SF 269 A Quarterly Reports		10/1/01	12/31/03	
BAC 160					234 SF 269 A Quarterly Reports				
BAC 291					List of 4 (Four) Bank Accounts				
BAC 292					Summary of Checks Issued to DB Karron		10/1/01	12/31/03	
BAC 293					294 General Ledger Detail	1900	10/1/01	12/31/03	
BAC 295					Summary of Loans Payable to DB Karron		10/1/01	12/31/03	
BAC 296					300 General Ledger Detail	2900	10/1/01	12/31/03	
BAC 301					Divder Page Co Funding from DB Karron		10/1/01	9/30/02	
BAC 302					Monies Received from DB Karron & NIST ATP		10/1/01	9/30/02	
BAC 303					Graphic Representation of BAC 302		10/1/01	12/31/03	
BAC 304					Monies Received from DB Karron & NIST ATP		10/1/01	12/31/03	
BAC 305					Graphic Representation of BAC 302		10/1/01	12/31/03	
BAC 306					307 Excel Detail of Monies Received from DB Karron & NIST		10/1/01	12/31/03	
BAC 308					310 General Ledger Detail	4000	10/1/01	12/31/03	
BAC 311					Excel Summary of Out of Pocket Monies Advanced by DB Karron				
BAC 312					General Ledger Detail	2913	10/1/01	6/27/03	
BAC 313					318 Adjusting Journal Entries for OOP		10/1/01	12/31/03	
BAC 319					320 Excel Summary of Monies TO & FROM DB Karron	1900			
						2900			
						6504			
BAC 321					322 General Ledger Detail Due From DBK	1900	10/1/01	9/30/02	
BAC 323					324 General Ledger Detail Due to DBK	2900	10/1/01	9/30/02	
BAC 325					General Ledger Detail Net Payroll Checks	6504			
BAC 326					327 Excel Summary of Monies TO & FROM DB Karron	1900	10/1/02	12/31/03	
						2900	10/1/02	12/31/03	
						6504	10/1/02	12/31/03	

BAC 101 TO 159
 BAC 160 TO 234
 BAC 291 TO 300
 BAC 301 TO 541

AAC 102

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AUDIT QUESTIONS.xls
BAC 101 BAC 541

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A	B	C	D	E	F	G	H	I	J
Detail Listing of BAC101 to 234, BAC 291 to 399, BAC 401 to 541									
1	2	3	4	5					
					Description	Acct. Number	Beginning Date	Ending Date	
35	BAC	328	BAC	329	General Ledger Detail Due From DBK	A/C 1900	10/1/02	12/31/03	
36	BAC	330	BAC	333	General Ledger Detail Due to DBK	A/C 2900	10/1/02	12/31/03	
37	BAC	334			General Ledger Detail Net Payroll Checks	A/C 6504	10/1/02	12/31/03	
38	BAC	335			Accounts Payable Summary Report			8/31/02	
39	BAC	336			Accounts Payable Summary Report			9/30/02	
40	BAC	337			Accounts Payable Summary Report			12/31/02	
41	BAC	338			Accounts Payable Summary Report			1/31/03	
42	BAC	339	BAC	340	Vendor Detail Report			1/31/03	
43	BAC	341			Accounts Payable Summary Report			11/30/03	
44	BAC	342			Accounts Payable Summary Report			12/31/03	
45	BAC	343			Accounts Payable Summary Report			1/31/04	
46	BAC	344	BAC	348	Vendor Detail Report		12/1/03	1/31/04	
47									
48	BAC	349			Summary Schedule of 5 Largest Expense Categories		10/1/01	9/30/02	
49	BAC	350	BAC	357	Report by Class		10/1/01	9/30/02	
50	BAC	358	BAC	359	General Ledger Detail Payroll	A/C 6300	10/1/01	9/30/02	
51	BAC	360	BAC	361	General Ledger Detail Employee Benefits	A/C 6060	10/1/01	9/30/02	
52	BAC	362	BAC	364	General Ledger Detail Payroll Taxes	A/C 6350	10/1/01	9/30/02	
53	BAC	365			General Ledger Detail Outside Service	A/C 6150	10/1/01	9/30/02	
54	BAC	366	BAC	368	General Ledger Detail Equipment	A/C 6330	10/1/01	9/30/02	
55									
56	BAC	369			Summary Schedule of 5 Largest Expense Categories		10/1/01	12/31/03	
57	BAC	370	BAC	379	Report by Class		10/1/01	12/31/03	
58	BAC	380	BAC	383	General Ledger Detail Payroll	A/C 6300	10/1/01	12/31/03	
59	BAC	384	BAC	387	General Ledger Detail Employee Benefits	A/C 6060	10/1/01	12/31/03	
60	BAC	388	BAC	392	General Ledger Detail Payroll Taxes	A/C 6350	10/1/01	12/31/03	
61	BAC	393	BAC	395	General Ledger Detail Outside Service	A/C 6150	10/1/01	12/31/03	
62	BAC	396	BAC	399	General Ledger Detail Equipment	A/C 6330	10/1/01	12/31/03	
63									

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	A	B	C	D	E	F	G	H	I	J
1	Detail Listing of BAC101 to 234, BAC 291 to 399, BAC 401 to 541									
2										
3					Description		Acct. Number		Beginning Date	Ending Date
4										
5										
64	BAC	401			INDEX BAC 404 to BAC 541 CASH					
65	BAC	402	BAC	419	CASI INC Chase Account 2996-65	A/C	1000		10/1/01	5/21/03
66	BAC	420	BAC	465	NIST ATP Chase Account 8735-65	A/C	1010		11/21/01	8/21/03
67	BAC	466	BAC	482	CASI LLC Chase Account 1331-65	A/C	1020		3/25/03	1/23/04
68	BAC	483	BAC	491	LLC NIST Chase Account 1331-66	A/C	1030		3/25/03	1/23/04
69										
70	BAC	492			Sources and Uses Of Funds Summary				10/1/01	12/31/03
71					A/C 1000, A/C 1010, A/C 1020, A/C 1030					
72										
73	BAC	504			Excel Schedule Reimbursed Expenses for Travel etc				10/1/01	12/31/03
74										
75	BAC	505			Tracing Cash Transaction Flow Description					
76	BAC	506			508 Balance Sheet Activity				10/1/01	12/31/03
77	BAC	509			516 Income & Expense Activity				10/1/01	12/31/03
78	BAC	517			Opening Balance Sheet					9/30/01
79	BAC	518			CASI Entities Financial Statements				10/1/01	9/30/02
80	BAC	528			CASI Entities Financial Statements				10/1/01	12/31/03
81	BAC	540			Statement of Cash Flows				10/1/01	9/30/02
82	BAC	541			Statement of Cash Flows				10/1/01	12/31/03
83										
84										
85	Detail Listing of BAC101 to 234, BAC 291 to 399, BAC 401 to 541									

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AUDIT QUESTIONS.xls
BAC 101 BAC 541

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CAC 101-178 G/L Balance Sht
CAC 191-321 G/L Income + Exp
CAC 322-426 Amex

CASI ENTITIES

General Ledger

10/01/01 through 12/31/03

Balance Sheet Accounts

CAC 101 to CAC 178

Cover Sheet Balance Sheet 1
Balance Sheet Inventory 2
Cover Sheet Income + Exp 1
Income + Expense Inventory 7
Amex, Mastercard and Payroll 1
AAC 105

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02/21/12
Actual DataCASI ENTITIES
Balance Sheet
As of December 31, 2003

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1						Dec 31, 03						100			
2					Index of Balance Sheet			1	3		CAC	101		CAC	103
3															
4					ASSETS										
5					Current Assets										
6					Checking/Savings										
7					1000 - CASI INC 2396-66	-0.01	1000	1	5		CAC	104		CAC	108
8					1010 - NIST ATP 8735-66	-0.01	1010	1	18		CAC	109		CAC	126
9					1020 - CASI LLC - 1331-66	-3,932.60	1020	1	4		CAC	127		CAC	130
10					1030 - LLC NIST 1331-66	38.32	1030	1	2		CAC	131		CAC	132
11					1080 - Mastercard 1872	3.57	1080	1	2		CAC	133		CAC	134
12					Total Checking/Savings	-3,890.73									
13					Accounts Receivable										
14					1200 - Accounts Receivable	3,427.00	1200	1	1		CAC	135			
15					Total Accounts Receivable	3,427.00									
16					Other Current Assets										
17					1399 - Tax Impound	111.41	1399	1	1		CAC	136			
18					Total Other Current Assets	111.41									
19					Total Current Assets	-352.32									
20					Fixed Assets										
21					1400 - Furniture & Fixtures										
22					1450 - Accumulated Depreciation	-56,087.00									
23					1400 - Furniture & Fixtures - Other	73,507.00									
24					Total 1400 - Furniture & Fixtures	17,420.00	1400	1	1		CAC	137			
25					Total Fixed Assets	17,420.00									
26					Other Assets										
27					1600 - Loan and Exchange	415.53	1660	1	1		CAC	138			
28					1660 - Stock Subscription Receivable	80,000.00	1660	1	1		CAC	139			
29					1700 - Rent Security	4,000.00	1700	1	1		CAC	140			
30					1900 - Due from DBK		1900	1	3		CAC	141		CAC	143
31					1902 - DBK 2001 Draw	8,765.81									
32					1904 - DBK 2002	6,530.38									
33					1906 - DBK 2002 Draw	53,000.00									
34					1907 - DBK 2003	9,206.18									
35					1908 - Hayes Errors	-13,678.56									
36					Total 1900 - Due from DBK	63,823.81									
37					Total Other Assets	148,239.34									
38					TOTAL ASSETS	165,307.02									
39					LIABILITIES & EQUITY										
40					Liabilities										
41					Current Liabilities										
42					Accounts Payable										
43					2000 - Accounts Payable	136,547.84	2000	1	3		CAC	144		CAC	146
44					Total Accounts Payable	136,547.84									
45					Other Current Liabilities										
46					2010 - Chase SBSF		2010	1	1		CAC	147			
47					2040 - Credit Card	3.00									
48					2060 - Rounding	5.03									
49					2010 - Chase SBSF - Other	1.97									
50					Total 2010 - Chase SBSF	10.00									
51					2100 - Payroll Liabilities		2100	1	18		CAC	148		CAC	165
52					2116 - FUI Payable	288.91									
53					2121 - New York State Withholding	783.06									
54					2122 - New York City Withholding	654.03									
55					2126 - NY SUI Payable	177.59									
56					Total 2100 - Payroll Liabilities	1,903.59									
57					2200 - American Express	-358.40	2200	1	6		CAC	166		CAC	171
58					Total Other Current Liabilities	1,555.19									

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1/25/03
07/01/03
Actual BankCASI ENTITIES
Balance Sheet
As of December 31, 2003

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1							Dec 31, 03						100			
2						Index of Balance Sheet			1	3		CAC	101		CAC	103
3																
59						Total Current Liabilities	138,103.03									
60						Long Term Liabilities										
61						2900 - Payable to DBK		2900	1	6		CAC	172		CAC	177
62						2901 - 5/31/01 Payable to DBK	89,531.00									
63						2909 - FROM DBK TO 1331-86	0.00									
64						2910 - FROM DBK TO INC	58,500.00									
65						2911 - FROM DBK TO LLC	15,552.00									
66						2912 - FROM DBK TO NIST ATP	0.00									
67						2913 - FROM DBK VIA OOP - OUT OF PO	1,559.51									
68						2914 - MC 6263-2710-0928-1872	19,117.99									
69						Total 2900 - Payable to DBK	184,260.50									
70						Total Long Term Liabilities	184,260.50									
71						Total Liabilities	322,363.53									
72						Equity										
73						3100 - Retained Earnings	-104,432.26									
74						3300 - Partners Capital		3300	1	1		CAC	178			
75						3302 - Capital - Joel Bernstein	10,000.00									
76						3303 - Capital - James Cox	10,000.00									
77						3307 - Capital - Lee Goldberg	10,000.00									
78						3308 - Capital - Elisha Gurfein	30,000.00									
79						3310 - Capital - Abe Karron	10,000.00									
80						3311 - Capital - Marion Karron	10,000.00									
81						3313 - Capital - Frederica Miller	10,000.00									
82						3318 - Capital - Matthew Rothman	10,000.00									
83						3330 - Capital - D.B. Karron	-86,079.00									
84						Total 3300 - Partners Capital	13,921.00									
85						Net Income	-66,545.25									
86						Total Equity	-157,056.51									
87						TOTAL LIABILITIES & EQUITY	165,307.02									
88																
89								Blank	1	12		CAC	179		CAC	190
90																
91																

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CASI ENTITIES

General Ledger

10/01/01 through 12/31/03

Income & Expense Accounts

CAC 191 to CAC 321

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07/25/10
Accrual BasisCASI ENTITIES
Profit & Loss
October 2001 through December 2003

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
3					Profit & Loss Index			1	9		CAC	191		CAC	199
4															
5					Ordinary Income/Expense										
6					Income										
7					4000 - Income										
8					4010 - Reimbursed Expense Income	738.37									
9					4013 - Co-Funding via Out of Pocket	3,799.82									
10					4014 - Co-Funding via Mastercard	36,022.11									
11					4015 - In-Kind Equipment Contribution	30,000.00									
12					4020 - NIST ATP Income	1,345,500.00									
13					4700 - FROM DBK TO NIST LLC A/C 1030	1,100.00									
14					4711 - FROM DBK TO LLC A/C 1020	76,494.00									
15					4712 - FROM DBK TO NIST A/C 1010	3,000.00									
16					4912 - DBK For NIST ATP	27,610.00									
17					Total 4000 - Income	1,524,264.30	4000	1	3		CAC	200		CAC	202
18					Total Income	1,524,264.30									
19					By Class Allocated Income & Expenses			1	16		CAC	203		CAC	218
20					Expense										
21					5000 - AE-Accounting										
22					5001 - AE-Jill Feldman CPA	1,000.00	5000	1	1		CAC	219		CAC	219
23					Total 5000 - AE-Accounting	1,000.00									
24					5002 - AE-Airfare		5002	1	1		CAC	220		CAC	220
25					5003 - AE-American Airlines	100.00									
26					5004 - AE-American West	316.00									
27					5005 - AE-Expedia	1,404.98									
28					5006 - AE-Jetblue	586.50									
29					Total 5002 - AE-Airfare	2,407.48									
30					5007 - AE-Auto		5007	1	1		CAC	221		CAC	221
31					5008 - AE-Airport Parking	3.00									
32					5009 - AE-Central Parking	50.00									
33					5010 - AE-Edison Parking	68.00									
34					5011 - AE-Gas	221.59									
35					5007 - AE-Auto - Other	4.00									
36					Total 5007 - AE-Auto	346.59									
37					5123 - AE-Books		5123	1	1		CAC	222		CAC	222
38					5124 - AE-Amazon	34.89									
39					5125 - AE-Barnes & Noble	18.40									
40					5126 - AE-Borders Books	48.66									
41					5128 - AE-IEEE Books	533.51									
42					Total 5123 - AE-Books	635.46									
43					5137 - AE-Domain Name	95.00	5137	1	1		CAC	223		CAC	223
44					5138 - AE-Dues and Subscriptions	2,015.73	5138	1	1		CAC	224		CAC	224
45					5138 - AE-Finance Charge	12.40	5139	1	1		CAC	225		CAC	225
46					5140 - AE-Hardware		5140	1	3		CAC	226		CAC	228
47					5141 - AE-3D.FX Cool	86.30									
48					5143 - AE-ADOBE.Com	935.52									
49					5145 - AE-BltBox	1,014.43									
50					5148 - AE-CFDY.Electronics	1,370.16									
51					5155 - AE-Columbia Home	285.63									

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Accrual BasisCASI ENTITIES
Profit & Loss
October 2001 through December 2003

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
52				5157 - AE-Datevision		10,587.49									
53				5158 - AE-Digital River		180.82									
54				5159 - AE-Dymo Corp.		309.55									
55				5181 - AE-Electrical Supply		1,686.35									
56				5183 - AE-Garmin International		350.17									
57				5185 - AE-GL Video		335.00									
58				5188 - AE-Grainger		84.45									
59				5188 - AE-IBM Direct		1,525.24									
60				5189 - AE-J&R Sound		243.53									
61				5170 - AE-Kips Bay Hardware		46.98									
62				5171 - AE-Lumberland		9.90									
63				5173 - AE-Projector People		199.00									
64				5174 - AE-Rackit Technology		1,366.00									
65				5176 - AE-Sub Zero Technology		89.35									
66				5178 - AE-Wacom Technology		171.29									
67				5180 - AE-Winzip		29.00									
68				5140 - AE-Hardware - Other		346.77									
69				Total 5140 - AE-Hardware		21,252.93									
70				5189 - AE-Hotel		2,961.41	5189	1	1	CAC	229		CAC	229	
71				5190 - AE-Installation			5190	1	1	CAC	230		CAC	230	
72				5191 - AE-Home Depot		30.72									
73				5192 - AE-Homefront Hardware		3,165.07									
74				5193 - AE-Jensen Tools		1,161.01									
75				5190 - AE-Installation - Other		576.21									
76				Total 5190 - AE-Installation		4,933.01									
77				5200 - AE-Internet			5200	1	1	CAC	231		CAC	231	
78				5201 - AE-Amtrak		57.00									
79				5203 - AE-Expedia		356.24									
80				5200 - AE-Internet - Other		0.00									
81				Total 5200 - AE-Internet		413.24									
82				5210 - AE-Meals		5,069.72	5210	1	1	CAC	232		CAC	232	
83				5220 - AE-Office			5220	1	2	CAC	233		CAC	234	
84				5221 - AE-Bruce Better Living		129.75									
85				5222 - AE-Coffee Distributing		524.55									
86				5223 - AE-Eckerd		15.19									
87				5224 - AE-Label Universe		35.40									
88				5225 - AE-Marrion Gift Shop		6.00									
89				5226 - AE-Office Depot		4,426.26									
90				5227 - AE-Office Max		28.20									
91				5228 - AE-Pearl Paint		47.93									
92				5229 - AE-Radio Shack		596.22									
93				5230 - AE-RiteAid		6.26									
94				5231 - AE-Steples		1,029.35									
95				5220 - AE-Office - Other		1,108.04									
96				Total 5220 - AE-Office		7,953.15									
97				5250 - AE-Paypal		20.44	5250	1	1	CAC	235		CAC	235	
98				5260 - AE-Phone			5260	1	1	CAC	236				
99				5261 - AE-IDT		128.20									
100				5263 - AE-Sierra Wireless		104.74									

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07/25/10
Accrual BasisCASI ENTITIES
Profit & Loss
October 2001 through December 2003

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
101					5264 - AE-Skytel	50.18									
102					5265 - AE-Sprint	39.81									
103					5266 - AE-Telephone	315.52									
104					5260 - AE-Phone - Other	127.00									
105					Total 5260 - AE-Phone	765.45									
106					5270 - AE-Postage		5270	1	1		CAC	237		CAC	237
107					5275 - AE-USPS	1,251.13									
108					Total 5270 - AE-Postage	1,251.13									
109					5280 - AE-Repairs	46.16	5280	1	1		CAC	238		CAC	238
110					5290 - AE-Seminar		5290	1	1		CAC	239		CAC	239
111					5292 - AE-SIAM Math Society	500.00									
112					Total 5290 - AE-Seminar	500.00									
113					5299 - AE-Software		5299	1	3		CAC	240		CAC	242
114					5300 - AE-Buy Up Time	799.49									
115					5301 - AE-Code Company	177.45									
116					5302 - AE-Digital River Soft	207.93									
117					5303 - AE-Ecceleration	36.00									
118					5306 - AE-GetInfo.Com	55.58									
119					5307 - AE-Iris Inc.	427.91									
120					5308 - AE-Jasc Software	19.00									
121					5309 - AE-Kennedy Software	5.95									
122					5310 - AE-McAfee	72.69									
123					5311 - AE-MYNAI.Com	71.38									
124					5312 - AE-Quickbooks	1,563.44									
125					5313 - AE-Regnow	73.86									
126					5314 - AE-Regsoft	97.89									
127					5315 - AE-Rhino	82.91									
128					5318 - AE-Roxio	195.85									
129					5317 - AE-Runtime	159.00									
130					5318 - AE-Software for Science	258.00									
131					5319 - AE-Techalchemy	56.90									
132					5320 - AE-Visioneer	514.90									
133					5321 - AE-WNT.Reg.Net	57.90									
134					5322 - AE-WWW.RTT.Com	39.74									
135					5323 - AE-Zippy.USA	426.00									
136					5299 - AE-Software - Other	586.79									
137					Total 5299 - AE-Software	5,986.56									
138					5350 - AE-Tech		5350	1	1		CAC	243		CAC	243
139					5351 - AE-Time Motion Tools	104.55									
140					5352 - Microsoft	245.00									
141					Total 5350 - AE-Tech	349.55									
142					5360 - AE-Tools		5360	1	1		CAC	244		CAC	244
143					5361 - AE-Micro Mark	139.95									
144					5362 - AE-Tetra Tools	247.30									
145					Total 5360 - AE-Tools	387.25									
146					5369 - AE-Travel		5369	1	1		CAC	245		CAC	245
147					5371 - AE-Luggage Carts	14.00									
148					5372 - AE-Metrocard	120.00									
149					5373 - AE-Taxi and Limousine	385.89									

AAC III

7:35 PM
07/25/10
Accrual BasisCASI ENTITIES
Profit & Loss
October 2001 through December 2003

KA-750

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
150					5374 - AE-Train	1,678.55									
151					5369 - AE-Travel - Other	86.59									
152					Total 5369 - AE-Travel	2,285.03									
153					6000 - Accounting		6000	1	2		CAC	246		CAC	247
154					6001 - Joseph Cornwall	2,945.10									
155					6003 - Jill Feldman CPA	5,500.00									
156					6004 - Joan Mayes CPA	15,215.00									
157					6005 - Ken Jackson	25,290.00									
158					6006 - Spitz & Graustein	13,000.00									
159					Total 6000 - Accounting	61,950.10									
160					6010 - Auto		6010	1	3		CAC	248		CAC	250
161					6011 - Auto Rental	2,898.76									
162					6012 - Exxon	1,006.92									
163					6013 - Gas	537.13									
164					6014 - Mobil	63.91									
165					6015 - Parking	2,434.37									
166					6016 - Sunoco	364.17									
167					6017 - Tolls	1,459.05									
168					Total 6010 - Auto	8,764.31									
169					6018 - Bank Charges	576.35	6018	1	2		CAC	251		CAC	252
170					6019 - Books	1,362.23	6019	1	1		CAC	253		CAC	253
171					6020 - Communications		6020	1	5		CAC	254		CAC	258
172					6021 - ATT	370.27									
173					6022 - Cable	2,866.02									
174					6024 - IDT	234.56									
175					6025 - MCI	710.60									
176					6026 - RCN	1,599.27									
177					6027 - Reimbursed Telephone	344.00									
178					6028 - Skytel	1,565.47									
179					6029 - Sprint	914.37									
180					6030 - Thorn	5,787.48									
181					6031 - TTMobile	238.60									
182					6032 - Verizon	5,347.29									
183					6034 - Voicestream Wireless	350.81									
184					6035 - Vz Wireless	725.97									
185					6036 - Webworks	4,600.00									
186					Total 6020 - Communications	25,654.71									
187					6040 - Computer Installation		6040	1	1		CAC	259		CAC	259
188					6041 - Columbia	1,822.76									
189					6043 - Figlia & Sons	1,995.00									
190					6044 - Homefront Hardware	8,736.30									
191					6045 - Kips Bay Hardware	170.27									
192					6046 - Metro Solar	2,040.00									
193					6047 - Mistretta Electric	5,400.00									
194					Total 6040 - Computer Installation	20,164.33									
195					6050 - Conference	4,310.60	6050	1	1		CAC	260		CAC	260
196					6051 - Depreciation	21,677.00	6051	1	1		CAC	261		CAC	261
197					6052 - Domain Name	70.00	6052	1	1		CAC	262		CAC	262
198					6053 - Dues and Subscriptions	452.46	6053	1	1		CAC	263		CAC	263

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07/25/10
Accrual Basis

KA-751

ASSET TRUSTS
Profit & Loss
October 2001 through December 2003

KA-751

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
199					6060 - Employee Benefits		6060	1	8		CAC	264		CAC	271
200					6061 - Ariata	3,104.35									
201					6062 - Childcare Services - Rosalie Ma	2,735.00									
202					6063 - Drugs	5,754.76									
203					6064 - Gym Membership	3,356.22									
204					6065 - Horizon	888.54									
205					6066 - Medical Reimbursed	62,018.00			1	1					
206					6067 - Oxford Health	27,153.26									
207					Total 6060 - Employee Benefits	105,010.13									
208					6090 - Equipment Repairs	477.84	6090	1	1		CAC	272		CAC	272
209					6091 - Finance Charge	300.79	6091	1	1		CAC	273		CAC	273
210					6092 - Honorarium	1,136.42	6092	1	1		CAC	274		CAC	274
211					6093 - Insurance	2,370.17	6093	1	2		CAC	275		CAC	276
212					6100 - Legal		6100	1	1		CAC	277		CAC	277
213					6102 - Frederica Miller ESQ	16,000.00									
214					6103 - LLBL	352.60									
215					6106 - Pannia & Edmonds	10,075.28									
216					6107 - Schwartz & Salomon	1,972.00									
217					6108 - Scialappa and Associates	3,000.00									
218					6109 - Solomon & Bernstein	11,950.00									
219					Total 6100 - Legal	43,349.88									
220					6120 - Miscellaneous	498.65	6120	1	1		CAC	278		CAC	278
221					6122 - NG Check	0.00	6122	1	1		CAC	279		CAC	279
222					6130 - Office	2,092.73	6130	1	2		CAC	280		CAC	281
223					6150 - Outside Service		6150	1	3		CAC	282		CAC	284
224					6151 - Abe Karron	1,000.00									
225					6152 - Advanced Technology Group	71,000.00									
226					6153 - Axion Systems	400.00									
227					6154 - Bator Binter	12,759.75									
228					6155 - D. Farrand	8,519.00									
229					6157 - George Wolberg PhD	40,898.99									
230					6158 - James Cox ofa	33,930.00									
231					6159 - Jane Laylor	161.00									
232					6160 - Peter Ross	1,172.64									
233					6161 - Radio Logic	100.00									
234					6162 - Scott Albin	2,000.00									
235					6163 - Valley of the Mage Consulting	1,000.00									
236					Total 6150 - Outside Service	172,941.38									
237					6170 - Paypal Payments	1,234.25	6170	1	1		CAC	285		CAC	285
238					6175 - Postage & Delivery	1,570.94	6175	1	1		CAC	286		CAC	286
239					6177 - Reim. Expenses	96.15	6177	1	1		CAC	287		CAC	287
240					6178 - Repairs		6178	1	1		CAC	288		CAC	288
241					6180 - General	319.04									
242					6178 - Repairs - Other	275.00									
243					Total 6178 - Repairs	594.04									
244					6189 - Kent		6189	1	1		CAC	289		CAC	289
245					6191 - Rent for 2001	33,000.00									
246					6192 - Rent for 2002	28,000.00									
247					6193 - Rent for 2003	24,000.00									

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Accrual Basis

CAS ENTITIES
Profit & Loss
October 2001 through December 2003

KA-752

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
248					Total 6189 - Rent	85,000.00									
249					6300 - Payroll Expenses		6300	1	4		CAC	290		CAC	293
250					6301 - Scott Albin emp	5,550.00									
251					6302 - Robert Benedict	22,823.07									
252					6303 - S.W. Botwick	780.00									
253					6304 - James L. Cox emp	53,625.00									
254					6305 - Elsha Gurlein	100,000.95									
255					6306 - D.B. Karron	334,004.12									
256					6307 - Charles La Salta	23,685.00									
257					6308 - Regner M. Peralta	5,047.50									
258					6309 - Peter Ross	11,354.00									
259					6310 - Matthew Rothman	43,417.50									
260					6311 - Robert G. Wine	3,520.00									
261					6314 - Nicholas A. Wynter	15,221.25									
262					Total 6300 - Payroll Expenses	619,028.39									
263					6315 - Payroll Processing	295.60	6315	1	1		CAC	294		CAC	294
264					6330 - Research and Development		6330	1	4		CAC	295		CAC	298
265					6331 - American Advanced Power	215.00									
266					6332 - American Media Systems	1,245.09									
267					6333 - Denver Air Support	295.00									
268					6334 - E MAG	2,850.00									
269					6335 - frozencpu.com	845.83									
270					6337 - General Computer	114,433.14									
271					6338 - Pacific Data Storage	1,429.00									
272					6339 - Ricoh	9,019.57									
273					6340 - Server Technology	6,895.55									
274					6341 - SOI Developers	295.00									
275					6342 - Silicon City	134,061.39									
276					6343 - Silicon Graphics	78,093.54									
277					6344 - Vision Shape	6,643.25									
278					6345 - YC Cable	210.00									
279					6346 - In Kind Computer Equipment	30,000.00									
280					6330 - Research and Development - Other	2,768.47									
281					Total 6330 - Research and Development	389,299.83									
282					6349 - Stationery	2,877.94	6349	1	1		CAC	299		CAC	299
283					6350 - Payroll Taxes		6350	1	5		CAC	300		CAC	304
284					6351 - FICA	32,798.26									
285					6352 - Medicare	8,966.92									
286					6353 - FUTA	1,065.77									
287					6354 - NYSUI	3,199.21									
288					6356 - NJ Disability	404.70									
289					6357 - NJ UI	1,024.80									
290					6358 - NC SUI	107.72									
291					6359 - Penalties and Late Fees	192.35									
292					Total 6350 - Payroll Taxes	47,759.73									
293					6360 - Taxes		6360	1	1		CAC	305		CAC	305
294					6361 - NY Corporation Tax	800.00									
295					Total 6360 - Taxes	800.00									
296					6370 - Travel		5370	1	3		CAC	306		CAC	308

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Accrual BasisCASI ENTITIES
Profit & Loss
October 2001 through December 2003

KA-753

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1						Oct '01 - Dec 03									190
2															
297				6371 - Airfare		1,720.50									
298				6372 - Hotel		3,489.51									
299				6373 - Meals		8,922.46									
300				6374 - Misc Travel		224.93									
301				6375 - Taxi		2,271.67									
302				6376 - Train		189.90									
303				6377 - Transit Check		1,453.52									
304				6370 - Travel - Other		431.40									
305				Total 6370 - Travel		18,703.89									
306				6379 - Tullon Reimbursement		3,238.20	6379	1	1		CAC	309		CAC	309
307				6380 - Utilities		21,604.06	6380	1	2		CAC	310		CAC	311
308				Total Expense		1,725,950.79									
309				Net Ordinary Income		-201,686.49									
310				Other Income/Expense											
311				Other Income											
312				6391 - Deposits to Bank ???		45.64	6391	1	1		CAC	312		CAC	312
313				Total Other Income		45.64									
314				Other Expense											
315				6500 - Payroll Clearing Account			6500	1	5		CAC	313		CAC	317
316				6504 - Debits Net Payroll Clearing Acc		264,914.34									
317				6516 - Credits Net Payroll Clearing Ac		-318,461.51									
318				Total 6500 - Payroll Clearing Account		-53,547.17									
319				7000 - Bank Transfer			7000	1	4		CAC	318		CAC	321
320				7001 - CASI Co-funding Rec'd by NIST		-80,300.00									
321				7002 - CASI Co-Funding to NIST ATP		80,300.00									
322				7004 - CASI Co-Funding via Propay		53,547.17									
323				7005 - From 8735 to INC IN		-95,576.00									
324				7006 - From 8735 TO INC OUT		95,576.00									
325				7007 - FROM ATP TO LLC IN		-91,663.91									
326				7008 - FROM ATP TO LLC OUT		91,663.91									
327				7009 - FROM INC TO 8735 IN		-60,000.00									
328				7010 - FROM INC TO 8735 OUT		60,000.00									
329				7011 - FROM INC TO LLC IN		-521.53									
330				7012 - FROM INC TO LLC OUT		521.53									
331				7013 - FROM LLC TO 8735 IN		-15,800.00									
332				7014 - FROM LLC TO 8735 OUT		15,800.00									
333				7015 - FROM LLC TO NIST LLC IN		-1,000.00									
334				7016 - FROM LLC TO NIST LLC OUT		1,000.00									
335				7017 - FROM N LLC N TO LLC IN		-16,500.00									
336				7018 - FROM N LLC N TO LLC OUT		16,500.00									
337				7019 - FROM NIST LLC IN		-8,614.00									
338				7020 - FROM NIST LLC OUT		8,614.00									
339				Total 7000 - Bank Transfer		53,547.17									
340				Total Other Expense		0.00									
341				Net Other Income		45.64									
342				Net Income		-201,640.86									
343															

AAC 1153

AAC
116

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1		INDEX CAC 322 and CAC 322 through CAC 426																		
2		Amex, Mastercard and Payroll Accounting Analysis																		
3																				
4																				
5																				
6																				
7																				
8																				
9																				
10		American Express	FPE 12/31/03	4	3		15								1	22	CAC	322	CAC	343
11		Mastercard	FPE 12/31/03	0	1		7								1	8	CAC	344	CAC	351
12																				
13	INC	Payroll Analysis	FQE 12/31/01							2	1	1	1		1	6	CAC	351	CAC	356
14	INC	Payroll Analysis	FQE 03/31/02							3	1	1	1		1	7	CAC	356	CAC	362
15	INC	Payroll Analysis	FQE 06/30/02							3	1	1	1		1	7	CAC	362	CAC	368
16	INC	Payroll Analysis	FPE 08/30/02							2	1	1	1		1	6	CAC	368	CAC	373
17																				
18	LLC	Payroll Analysis	FQE 09/30/02							3	1	1	1		1	7	CAC	373	CAC	379
19	LLC	Payroll Analysis	FQE 12/31/02							3	2	1	2		1	9	CAC	379	CAC	387
20	LLC	Payroll Analysis	FQE 03/31/03							4	2	2	2		1	11	CAC	387	CAC	397
21	LLC	Payroll Analysis	FQE 06/30/03							4	2	1	1		1	9	CAC	397	CAC	405
22	LLC	Payroll Analysis	FQE 09/30/03							2	1	1	1		1	6	CAC	405	CAC	410
23	LLC	Payroll Analysis	FQE 12/31/03							2	1	1	1		1	6	CAC	410	CAC	415
24																				
25		Hayes Errors	FPE 12/31/03							1					1	1	CAC	416	CAC	416
26		Hayes Errors	07/06/02			1									1	1	CAC	417	CAC	417
27		Hayes Errors	08/03/02			1									1	1	CAC	418	CAC	418
28		Hayes Errors	09/03/02			1									1	1	CAC	419	CAC	419
29		Hayes Errors	12/29/02			1									1	1	CAC	420	CAC	420
30		Hayes Errors	12/31/02			1									1	1	CAC	421	CAC	421
31		Hayes Errors	12/31/02			1									1	1	CAC	422	CAC	422
32		Hayes Errors	01/10/03			1									1	1	CAC	423	CAC	423
33		Hayes Errors	03/31/03			1									1	1	CAC	424	CAC	424
34		Hayes Errors	09/28/02			1									1	1	CAC	425	CAC	425
35		Hayes Errors	12/31/03	1											1	1	CAC	426	CAC	426
36																				
37		Amex, Mastercard and Payroll Accounting Analysis																		
38		INDEX CAC 322 and CAC 322 through CAC 426																		
39																				
40																				

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1																					
2																					
3																					
4		Questions About Audit and Quality of Audit																			
5		HABAC 500 to HABAC 593																			
6																					
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AAC 117

HABAC 500

CASI ENTITIES AUDIT QUESTIONS										599	
					General		Amended				
					Ledger		Quarterly				
			Excel	Quickbooks	By		Reports				
			Sheets	Report	Date	GX 114	ST 269 A		Start		End
Audit Questions Index			1					BAC	600	BAC	600
Comparison	Budget / Actual / Hayes Audit	FYE 9/30/02	1					BAC	601	BAC	601
Profit & Loss	By Class	FYE 9/30/02		7				BAC	602	BAC	608
Quarterly Reports	SF 269 A Amended	FYE 9/30/02					8	BAC	609	BAC	616
Discrepancy	DB Karron Salary	FYE 9/30/02	1					BAC	617	BAC	617
Discrepancy	Employee Benefits	FYE 9/30/02						BAC	617	BAC	617
GX 114	Copy	FYE 9/30/02				1		BAC	618	BAC	618
Due from DB Karron	G/L A/C 1900's	FYE 9/30/02			2			BAC	619	BAC	620
Discrepancy	Equipment	FYE 9/30/02	1					BAC	621	BAC	621
Discrepancy	Co-Funding	FYE 9/30/02						BAC	621	BAC	621
Accounts Payable	Schedule	FYE 9/30/02		1				BAC	622	BAC	622
Outside Service	G/L A/C 6150	FYE 9/30/02			1			BAC	623	BAC	623
Equipment	G/L A/C 6330	FYE 9/30/02			3			BAC	624	BAC	626
In Kind Equipment	G/L A/C 6346	FYE 9/30/02			1			BAC	627	BAC	627
NN Co-Funding	QB by Class	FYE 9/30/02		1				BAC	628	BAC	628
Mastercard	QB by Class	FYE 9/30/02		1							
Mastercard	QB by Class Detail	FYE 9/30/02			2			BAC	629	BAC	631
Co-Funding	QB by Class Detail	FYE 9/30/02			5			BAC	632	BAC	636
			4	10	14	1	8				
CASI ENTITIES ANALYSIS INDEX							37				
HABAC 600 to HABAC 632											

(HABAC 600)

AAC 118

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KA-757

KA-757

B

SF 269 A FYE 9/30/02

BAC 101 to BAC 159

KA-758
FYE 9/30/02

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SF 269 A Quarterly Reports					100			

FORM SF 269 A Quarterly Reports **FYE 9-30-02** KA-759

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MONIES SPENT		Quarter Ending 12/31/01	Quarter Ending 3/31/02	Adjustments and Reversals 3/31/02	Six Months Cumulative 3/31/02	Quarter Ending 6/30/02	Adjustments and Reversals 6/30/02	Nine Months Cumulative 6/30/02	Quarter Ending 9/30/02	Adjustments and Reversals 9/30/02	Twelve Months Cumulative 9/30/02	Cumulative 9/30/02
	Excel by Class NIST ATP	88,768	180,653		269,421	192,679		462,100	356,630		818,730	818,730
	Excel By Class N LLC N								94		94	94
	NN Co Funding	4,292	1,365		5,657	8,473		14,130	3,665		17,795	17,795
	In Kind	30,000			30,000			30,000			30,000	47,795
Plus	January 2002 Disbursements	109,974		(109,974)	0						0	
Less	Jan 2002 Payroll & PR Taxes	(30,777)		30,777	0						0	
Plus	April Cash Disbursements		35,285		35,285		(35,285)	0			0	
Less	Apr 2002 Payroll & PR Taxes		0		0			0			0	
Plus	July 2002 Disbursements					96,316		96,316		(96,316)	0	
Less	June DB Karron Payroll					(16,687)		(16,687)		16,687	0	
Less	July 2002 Payroll & PR Taxes					(62,835)		(62,835)		62,835	0	
Plus	October 2002 Disbursements								43,778		43,778	
Less	Oct 2002 Payroll & PR Taxes								(24,425)		(24,425)	19,353
General												
Computer	Credit Terms							0			0	
	Feb 02	10,000		(10,000)	0			0			0	
	May CD		15,867		15,867		(15,867)	0			0	
	Aug CD						1,214	1,214		(1,214)	0	
	DBK Salary Annual 184,252	46,063	46,063		92,126	46,063		138,189		(138,189)	0	
	Rent offset to loan a/c										0	
TOTAL MONIES SPENT		258,320	279,233	(89,197)	448,356	280,696	(66,625)	662,427	379,742	(156,197)	885,972	885,972
MONIES REC'D												
4020	Monies Received from NIST	210,000	240,000		450,000	140,000		590,000	210,000		800,000	
4010	Reimbursed Expenses	208			208			208			208	
4013	Out of pocket				0	886		886	580		1,466	
4014	Mastercard Co Funding	7,182			7,182	7,894		14,876	10,859		25,735	
4015	In Kind Funding	30,000			30,000			30,000			30,000	
4712	FROM DBK TO A/C 1010								3,000		3,000	
4912	DBK for NIST ATP	4,292	1,365		5,657	8,473		14,130	3,665		17,795	
TOTAL MONIES REC'D		251,682	241,365	0	493,047	157,053	0	650,100	228,104	0	878,204	19,353
	More money spent difference	6,638						12,327			7,768	
	More money received difference				44,691							
	NIST ATP	210,000			450,000			590,000			800,000	
	Co Funding	37,390			43,047			60,100			78,204	

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense					
Income					
4000 · Income					
4014 · Co-Funding via Mastercard	0.00	0.00	7,182.37	0.00	7,182.37
4015 · In-Kind Equipment Contribution	0.00	0.00	30,000.00	0.00	30,000.00
4020 · NIST ATP Income	0.00	210,000.00	0.00	0.00	210,000.00
4912 · DBK For NIST ATP	0.00	0.00	4,292.00	0.00	4,292.00
Total 4000 · Income	0.00	N 210,000.00	N 41,474.37	0.00	251,474.37
Total Income	0.00	210,000.00	41,474.37	0.00	251,474.37
Expense					
5123 · AE-Books					
5126 · AE-Borders Books	0.00	48.66	0.00	0.00	48.66
Total 5123 · AE-Books	0.00	48.66	0.00	0.00	48.66
5140 · AE-Hardware					
5157 · AE-Datavision	0.00	1,945.98	0.00	0.00	1,945.98
5158 · AE-Digital River	0.00	107.90	0.00	0.00	107.90
5169 · AE-J&R Sound	0.00	243.53	0.00	0.00	243.53
5180 · AE-Winzip	0.00	29.00	0.00	0.00	29.00
5140 · AE-Hardware - Other	0.00	299.74	0.00	0.00	299.74
Total 5140 · AE-Hardware	0.00	2,626.15	0.00	0.00	2,626.15
5190 · AE-Installation	0.00	79.33	0.00	0.00	79.33
5210 · AE-Meals	0.00	240.83	0.00	0.00	240.83
5220 · AE-Office					
5226 · AE-Office Depot	0.00	933.18	0.00	0.00	933.18
5229 · AE-Radio Shack	0.00	67.57	0.00	0.00	67.57
5220 · AE-Office - Other	165.25	165.25	0.00	0.00	330.50
Total 5220 · AE-Office	165.25	1,166.00	0.00	0.00	1,331.25
5270 · AE-Postage					
5275 · AE-USPS	0.00	104.40	0.00	0.00	104.40
Total 5270 · AE-Postage	0.00	104.40	0.00	0.00	104.40
5369 · AE-Travel					
5374 · AE-Train	0.00	274.00	0.00	0.00	274.00
Total 5369 · AE-Travel	0.00	274.00	0.00	0.00	274.00
6000 · Accounting					
6003 · Jill Feldman CPA	0.00	0.00	500.00	0.00	500.00
Total 6000 · Accounting	0.00	0.00	500.00	0.00	500.00
6010 · Auto					
6011 · Auto Rental	295.57	0.00	0.00	0.00	295.57
6013 · Gas	0.00	30.84	0.00	0.00	30.84

07/24/10
Accrual Basis

CASILEM-761
Profit & Loss by Class
October through December 2001

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6014 · Mobil	45.49	0.00	0.00	0.00	45.49
6015 · Parking	100.00	56.50	0.00	0.00	156.50
6017 · Tolls	0.00	75.00	0.00	0.00	75.00
Total 6010 · Auto	441.06	162.34	0.00	0.00	603.40
6018 · Bank Charges	32.54	0.00	0.00	0.00	32.54
6019 · Books	0.00	229.30	0.00	0.00	229.30
6020 · Communications					
6021 · ATT	115.93	0.00	0.00	0.00	115.93
6022 · Cable	70.08	0.00	0.00	0.00	70.08
6025 · MCI	135.70	0.00	0.00	0.00	135.70
6027 · Reimbursed Telephone	0.00	78.87	0.00	0.00	78.87
6028 · Skytel	157.96	0.00	0.00	0.00	157.96
6030 · Thorn	522.22	0.00	0.00	0.00	522.22
6032 · Verizon	636.37	0.00	0.00	0.00	636.37
Total 6020 · Communications	1,638.26	78.87	0.00	0.00	1,717.13
6040 · Computer Installation					
6041 · Columbia	0.00	589.96	0.00	0.00	589.96
6044 · Homefront Hardware	0.00	29.00	0.00	0.00	29.00
6045 · Kips Bay Hardware	0.00	70.27	0.00	0.00	70.27
Total 6040 · Computer Installation	0.00	689.23	0.00	0.00	689.23
6050 · Conference	970.00	0.00	0.00	0.00	970.00
6052 · Domain Name	70.00	0.00	0.00	0.00	70.00
6053 · Dues and Subscriptions	50.00	91.06	0.00	0.00	141.06
6060 · Employee Benefits					
6063 · Drugs	477.92	391.85	0.00	0.00	869.77
6064 · Gym Membership	0.00	461.96	0.00	0.00	461.96
6066 · Medical Reimbursed	774.00	2,349.50	3,792.00	0.00	6,915.50
6067 · Oxford Health	883.58	0.00	0.00	0.00	883.58
Total 6060 · Employee Benefits	2,135.50	3,203.31	3,792.00	0.00	9,130.81
6090 · Equipment Repairs	317.17	0.00	0.00	0.00	317.17
6091 · Finance Charge	8.75	0.00	0.00	0.00	8.75
6092 · Honorarium	200.00	0.00	0.00	0.00	200.00
6093 · Insurance	0.00	-8.38	0.00	0.00	-8.38
6100 · Legal					
6102 · Frederica Miller ESQ	0.00	1,000.00	0.00	0.00	1,000.00
6106 · Pennie & Edmonds	2,278.08	0.00	0.00	0.00	2,278.08
Total 6100 · Legal	2,278.08	1,000.00	0.00	0.00	3,278.08
6120 · Miscellaneous	20.28	0.10	0.00	0.00	20.38
6130 · Office	0.00	141.32	0.00	0.00	141.32
6150 · Outside Service					
6152 · Advanced Technology Group	68,000.00	0.00	0.00	0.00	68,000.00
6155 · D. Ferrand	1,035.00	0.00	0.00	0.00	1,035.00

07/24/10
Accrual Basis

CASILENT 762
Profit & Loss by Class
October through December 2001

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6157 · George Wolberg PhD	0.00	8,332.33	0.00	0.00	8,332.33
6162 · Scott Albin	0.00	1,500.00	0.00	0.00	1,500.00
Total 6150 · Outside Service	69,035.00	9,832.33	0.00	0.00	78,867.33
6175 · Postage & Delivery	189.35	0.00	0.00	0.00	189.35
6189 · Rent					
6191 · Rent for 2001	0.00	0.00	0.00	33,000.00	33,000.00
Total 6189 · Rent	0.00	0.00	0.00	33,000.00	33,000.00
6300 · Payroll Expenses					
6305 · Elisha Gurfein	0.00	10,334.32	0.00	0.00	10,334.32
6307 · Charles La Salla	0.00	3,870.00	0.00	0.00	3,870.00
Total 6300 · Payroll Expenses	0.00	14,204.32	0.00	0.00	14,204.32
6330 · Research and Development					
6337 · General Computer	0.00	40,318.93	0.00	0.00	40,318.93
6342 · Silicon City	1,000.00	0.00	0.00	0.00	1,000.00
6343 · Silicon Graphics	0.00	10,000.00	0.00	0.00	10,000.00
6346 · In Kind Computer Equipment	0.00	0.00	30,000.00	0.00	30,000.00
6330 · Research and Development - Other	0.00	1,834.27	0.00	0.00	1,834.27
Total 6330 · Research and Development	1,000.00	52,153.20	30,000.00	0.00	83,153.20
6349 · Stationery	320.47	186.98	0.00	0.00	507.45
6350 · Payroll Taxes					
6351 · FICA	0.00	880.67	0.00	0.00	880.67
6352 · Medicare	0.00	205.97	0.00	0.00	205.97
6353 · FUTA	0.00	86.96	0.00	0.00	86.96
6354 · NYSUI	0.00	153.83	0.00	0.00	153.83
Total 6350 · Payroll Taxes	0.00	1,327.43	0.00	0.00	1,327.43
6370 · Travel					
6373 · Meals	0.00	820.28	0.00	0.00	820.28
6374 · Misc Travel	0.00	59.53	0.00	0.00	59.53
6376 · Train	0.00	5.00	0.00	0.00	5.00
6377 · Transit Check	0.00	20.00	0.00	0.00	20.00
6370 · Travel - Other	0.00	32.80	0.00	0.00	32.80
Total 6370 · Travel	0.00	937.61	0.00	0.00	937.61
6380 · Utilities	2,270.79	0.00	0.00	0.00	2,270.79
Total Expense	81,142.50	88,768.39	34,292.00	33,000.00	237,202.89
Net Ordinary Income	-81,142.50	121,231.61	7,182.37	-33,000.00	14,271.48
Other Income/Expense					
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	9,259.62	914.08	0.00	0.00	10,173.70

07/24/10
Accrual Basis

CASILENT 763
Profit & Loss by Class
October through December 2001

	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6516 - Credits Net Payroll Clearing Ac	0.00	-10,173.70	0.00	0.00	-10,173.70
Total 6500 - Payroll Clearing Account	9,259.62	-9,259.62	0.00	0.00	0.00
7000 - Bank Transfer					
7001 - CASI Co-funding Rec'd by NIST	0.00	-100.00	0.00	0.00	-100.00
7002 - CASI Co-Funding to NIST ATP	100.00	0.00	0.00	0.00	100.00
7005 - From 8735 to INC IN	-10,000.00	0.00	0.00	0.00	-10,000.00
7006 - From 8735 TO INC OUT	0.00	25,100.00	0.00	0.00	25,100.00
7009 - FROM INC TO 8735 IN	0.00	-60,000.00	0.00	0.00	-60,000.00
7010 - FROM INC TO 8735 OUT	60,000.00	0.00	0.00	0.00	60,000.00
Total 7000 - Bank Transfer	50,100.00	-35,000.00	0.00	0.00	15,100.00
Total Other Expense	59,359.62	-44,259.62	0.00	0.00	15,100.00
Net Other Income	-59,359.62	44,259.62	0.00	0.00	-15,100.00
Net Income	-140,502.12	165,491.23	7,182.37	-33,000.00	-828.52

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KA-764
CASH ENTITIES
Profit & Loss by Class
January 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4020 · NIST ATP Income	0.00	120,000.00	0.00	120,000.00
4912 · DBK For NIST ATP	0.00	0.00	950.00	950.00
Total 4000 · Income	0.00	120,000.00	950.00	120,950.00
Total Income	0.00	120,000.00	950.00	120,950.00
Expense				
5002 · AE-Airfare				
5005 · AE-Expedia	0.00	956.50	0.00	956.50
Total 5002 · AE-Airfare	0.00	956.50	0.00	956.50
5140 · AE-Hardware				
5157 · AE-Datavision	0.00	294.00	0.00	294.00
Total 5140 · AE-Hardware	0.00	294.00	0.00	294.00
5190 · AE-Installation				
5192 · AE-Homefront Hardware	0.00	134.51	0.00	134.51
Total 5190 · AE-Installation	0.00	134.51	0.00	134.51
5210 · AE-Meals	0.00	35.20	0.00	35.20
5220 · AE-Office				
5226 · AE-Office Depot	0.00	65.34	0.00	65.34
5231 · AE-Staples	0.00	865.99	0.00	865.99
Total 5220 · AE-Office	0.00	931.33	0.00	931.33
5270 · AE-Postage				
5275 · AE-USPS	0.00	73.85	0.00	73.85
Total 5270 · AE-Postage	0.00	73.85	0.00	73.85
5280 · AE-Repairs	0.00	21.64	0.00	21.64
5299 · AE-Software				
5312 · AE-Quickbooks	0.00	129.00	0.00	129.00
Total 5299 · AE-Software	0.00	129.00	0.00	129.00
5369 · AE-Travel				
5372 · AE-Metrocard	0.00	30.00	0.00	30.00
Total 5369 · AE-Travel	0.00	30.00	0.00	30.00
6000 · Accounting				
6003 · Jill Feldman CPA	1,000.00	2,000.00	0.00	3,000.00
Total 6000 · Accounting	1,000.00	2,000.00	0.00	3,000.00
6010 · Auto				
6011 · Auto Rental	0.00	188.80	0.00	188.80

07/24/10
Accrual Basis

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CASIDENT 765
Profit & Loss by Class
January 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Total 6010 · Auto	0.00	188.80	0.00	188.80
6020 · Communications				
6021 · ATT	14.39	0.00	0.00	14.39
6022 · Cable	17.52	0.00	0.00	17.52
6025 · MCI	54.11	0.00	0.00	54.11
6028 · Skytel	97.89	137.21	0.00	235.10
6030 · Thorn	0.00	284.85	0.00	284.85
6032 · Verizon	102.78	34.87	0.00	137.65
6036 · Webworqs	0.00	300.00	0.00	300.00
Total 6020 · Communications	286.69	756.93	0.00	1,043.62
6060 · Employee Benefits				
6066 · Medical Reimbursed	0.00	0.00	950.00	950.00
6067 · Oxford Health	0.00	1,442.34	0.00	1,442.34
Total 6060 · Employee Benefits	0.00	1,442.34	950.00	2,392.34
6093 · Insurance	0.00	-14.86	0.00	-14.86
6100 · Legal				
6102 · Frederica Miller ESQ	0.00	2,000.00	0.00	2,000.00
6106 · Pennie & Edmonds	198.52	0.00	0.00	198.52
Total 6100 · Legal	198.52	2,000.00	0.00	2,198.52
6150 · Outside Service				
6155 · D. Ferrand	784.00	0.00	0.00	784.00
6157 · George Wolberg PhD	0.00	8,333.33	0.00	8,333.33
Total 6150 · Outside Service	784.00	8,333.33	0.00	9,117.33
6175 · Postage & Delivery	0.00	136.63	0.00	136.63
6300 · Payroll Expenses				
6305 · Elisha Gurfein	0.00	22,999.99	0.00	22,999.99
6307 · Charles La Salla	0.00	2,070.00	0.00	2,070.00
6311 · Robert G. Wine	0.00	3,520.00	0.00	3,520.00
Total 6300 · Payroll Expenses	0.00	28,589.99	0.00	28,589.99
6330 · Research and Development				
6337 · General Computer	0.00	11,812.00	0.00	11,812.00
6338 · Pacific Data Storage	0.00	456.00	0.00	456.00
6342 · Silicon City	0.00	17,195.14	0.00	17,195.14
6343 · Silicon Graphics	0.00	30,726.15	0.00	30,726.15
6345 · YC Cable	0.00	210.00	0.00	210.00
Total 6330 · Research and Development	0.00	60,399.29	0.00	60,399.29
6350 · Payroll Taxes				
6351 · FICA	0.00	1,772.58	0.00	1,772.58
6352 · Medicare	0.00	414.56	0.00	414.56

BAC 108

07/24/10
Accrual Basis

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CASI KA-766
Profit & Loss by Class
January 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Total 6350 - Payroll Taxes	0.00	2,187.14	0.00	2,187.14
6370 - Travel	0.00	398.60	0.00	398.60
6380 - Utilities	759.91	0.00	0.00	759.91
Total Expense	3,029.12	109,024.22	950.00	113,003.34
Net Ordinary Income	-3,029.12	10,975.78	0.00	7,946.66
Other Income/Expense				
Other Expense				
6500 - Payroll Clearing Account				
6504 - Debits Net Payroll Clearing Acc	0.00	20,418.81	0.00	20,418.81
6516 - Credits Net Payroll Clearing Ac	0.00	-20,418.81	0.00	-20,418.81
Total 6500 - Payroll Clearing Account	0.00	0.00	0.00	0.00
7000 - Bank Transfer				
7001 - CASI Co-funding Rec'd by NIST	0.00	-500.00	0.00	-500.00
7002 - CASI Co-Funding to NIST ATP	500.00	0.00	0.00	500.00
7005 - From 8735 to INC IN	-15,100.00	0.00	0.00	-15,100.00
Total 7000 - Bank Transfer	-14,600.00	-500.00	0.00	-15,100.00
Total Other Expense	-14,600.00	-500.00	0.00	-15,100.00
Net Other Income	14,600.00	500.00	0.00	15,100.00
Net Income	11,570.88	11,475.78	0.00	23,046.66

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BAC 109

07/24/10
Accrual Basis

CASILENT
Profit & Loss by Class
February 2002

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	INC	NIST ATP	TOTAL
Ordinary Income/Expense			
Income			
4000 · Income			
4020 · NIST ATP Income	0.00	60,000.00	60,000.00
Total 4000 · Income	0.00	60,000.00	60,000.00
Total Income	0.00	60,000.00	60,000.00
Expense			
5002 · AE-Airfare			
5004 · AE-American West	0.00	316.00	316.00
5006 · AE-Jetblue	0.00	280.00	280.00
Total 5002 · AE-Airfare	0.00	596.00	596.00
5007 · AE-Auto			
5011 · AE-Gas	0.00	9.60	9.60
Total 5007 · AE-Auto	0.00	9.60	9.60
5138 · AE-Dues and Subscriptions	0.00	10.00	10.00
5189 · AE-Hotel	0.00	585.76	585.76
5190 · AE-Installation			
5192 · AE-Homefront Hardware	0.00	293.94	293.94
Total 5190 · AE-Installation	0.00	293.94	293.94
5210 · AE-Meals	0.00	76.05	76.05
5220 · AE-Office			
5226 · AE-Office Depot	0.00	272.25	272.25
5231 · AE-Staples	0.00	20.45	20.45
Total 5220 · AE-Office	0.00	292.70	292.70
5260 · AE-Phone			
5266 · AE-Telephone	0.00	9.72	9.72
Total 5260 · AE-Phone	0.00	9.72	9.72
5290 · AE-Seminar			
5292 · AE-SIAM Math Society	0.00	250.00	250.00
Total 5290 · AE-Seminar	0.00	250.00	250.00
5369 · AE-Travel			
5371 · AE-Luggage Carts	0.00	4.00	4.00
Total 5369 · AE-Travel	0.00	4.00	4.00
6000 · Accounting			
6003 · Jill Feldman CPA	1,000.00	1,000.00	2,000.00
Total 6000 · Accounting	1,000.00	1,000.00	2,000.00
6010 · Auto			

BAC 110

07/24/10
Accrual Basis

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CAS KENT 768
Profit & Loss by Class
February 2002

	INC	NIST ATP	TOTAL
6011 · Auto Rental	0.00	64.45	64.45
6013 · Gas	0.00	16.50	16.50
Total 6010 · Auto	0.00	80.95	80.95
6020 · Communications			
6032 · Verizon	111.45	0.00	111.45
6036 · Webworqs	0.00	600.00	600.00
Total 6020 · Communications	111.45	600.00	711.45
6060 · Employee Benefits			
6066 · Medical Reimbursed	0.00	2,469.60	2,469.60
6067 · Oxford Health	0.00	480.78	480.78
Total 6060 · Employee Benefits	0.00	2,950.38	2,950.38
6093 · Insurance	0.00	-0.21	-0.21
6100 · Legal			
6102 · Frederica Miller ESQ	0.00	1,000.00	1,000.00
6106 · Pennie & Edmonds	1,690.00	0.00	1,690.00
Total 6100 · Legal	1,690.00	1,000.00	2,690.00
6150 · Outside Service			
6155 · D. Ferrand	200.00	0.00	200.00
6157 · George Wolberg PhD	0.00	8,333.33	8,333.33
6158 · James Cox o/s	0.00	9,035.00	9,035.00
6162 · Scott Albin	0.00	500.00	500.00
Total 6150 · Outside Service	200.00	17,868.33	18,068.33
6300 · Payroll Expenses			
6305 · Elisha Gurfein	0.00	8,333.33	8,333.33
Total 6300 · Payroll Expenses	0.00	8,333.33	8,333.33
6330 · Research and Development			
6337 · General Computer	0.00	10,000.00	10,000.00
6339 · Ricoh	0.00	6,419.57	6,419.57
Total 6330 · Research and Development	0.00	16,419.57	16,419.57
6350 · Payroll Taxes			
6351 · FICA	0.00	516.67	516.67
6352 · Medicare	0.00	120.83	120.83
Total 6350 · Payroll Taxes	0.00	637.50	637.50
6370 · Travel			
6371 · Airfare	0.00	100.00	100.00
6372 · Hotel	0.00	160.21	160.21
6373 · Meals	0.00	188.18	188.18
6375 · Taxi	0.00	19.00	19.00

BAC III

CASH FLOW
Profit & Loss by Class
February 2002

	INC	NIST ATP	TOTAL
Total 6370 · Travel	0.00	467.39	467.39
6379 · Tuition Reimbursement	0.00	1,330.35	1,330.35
Total Expense	3,001.45	52,815.36	55,816.81
Net Ordinary Income	-3,001.45	7,184.64	4,183.19
Other Income/Expense			
Other Expense			
6500 · Payroll Clearing Account			
6504 · Debits Net Payroll Clearing Acc	0.00	5,781.29	5,781.29
6516 · Credits Net Payroll Clearing Ac	0.00	-5,781.29	-5,781.29
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00
7000 · Bank Transfer			
7005 · From 8735 to INC IN	-10,500.00	0.00	-10,500.00
7006 · From 8735 TO INC OUT	0.00	24,500.00	24,500.00
Total 7000 · Bank Transfer	-10,500.00	24,500.00	14,000.00
Total Other Expense	-10,500.00	24,500.00	14,000.00
Net Other Income	10,500.00	-24,500.00	-14,000.00
Net Income	7,498.55	-17,315.36	-9,816.81

CASKEITH
Profit & Loss by Class
January through March 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4020 · NIST ATP Income	0.00	240,000.00	0.00	240,000.00
4912 · DBK For NIST ATP	0.00	0.00	1,365.00	1,365.00
Total 4000 · Income	0.00	240,000.00	1,365.00	241,365.00
Total Income	0.00	240,000.00	1,365.00	241,365.00
Expense				
5000 · AE-Accounting				
5001 · AE-Jill Feldman CPA	0.00	1,000.00	0.00	1,000.00
Total 5000 · AE-Accounting	0.00	1,000.00	0.00	1,000.00
5002 · AE-Airfare				
5004 · AE-American West	0.00	316.00	0.00	316.00
5005 · AE-Expedia	0.00	956.50	0.00	956.50
5006 · AE-Jetblue	0.00	280.00	0.00	280.00
Total 5002 · AE-Airfare	0.00	1,552.50	0.00	1,552.50
5007 · AE-Auto				
5011 · AE-Gas	0.00	21.79	0.00	21.79
Total 5007 · AE-Auto	0.00	21.79	0.00	21.79
5138 · AE-Dues and Subscriptions	0.00	10.00	0.00	10.00
5140 · AE-Hardware				
5157 · AE-Datavision	0.00	423.99	0.00	423.99
5140 · AE-Hardware - Other	0.00	10.83	0.00	10.83
Total 5140 · AE-Hardware	0.00	434.82	0.00	434.82
5189 · AE-Hotel	0.00	1,309.72	0.00	1,309.72
5190 · AE-Installation				
5192 · AE-Homefront Hardware	0.00	565.90	0.00	565.90
Total 5190 · AE-Installation	0.00	565.90	0.00	565.90
5210 · AE-Meals	0.00	273.80	0.00	273.80
5220 · AE-Office				
5226 · AE-Office Depot	0.00	521.57	0.00	521.57
5227 · AE-Office Max	0.00	28.20	0.00	28.20
5231 · AE-Staples	0.00	886.44	0.00	886.44
Total 5220 · AE-Office	0.00	1,436.21	0.00	1,436.21
5260 · AE-Phone				
5266 · AE-Telephone	0.00	51.30	0.00	51.30
Total 5260 · AE-Phone	0.00	51.30	0.00	51.30
5270 · AE-Postage				

CAS KENT
Profit & Loss by Class
January through March 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
5275 · AE-USPS	0.00	142.58	0.00	142.58
Total 5270 · AE-Postage	0.00	142.58	0.00	142.58
5280 · AE-Repairs	0.00	21.64	0.00	21.64
5290 · AE-Seminar				
5292 · AE-SIAM Math Society	0.00	250.00	0.00	250.00
Total 5290 · AE-Seminar	0.00	250.00	0.00	250.00
5299 · AE-Software				
5312 · AE-Quickbooks	0.00	129.00	0.00	129.00
Total 5299 · AE-Software	0.00	129.00	0.00	129.00
5369 · AE-Travel				
5371 · AE-Luggage Carts	0.00	4.00	0.00	4.00
5372 · AE-Metrocard	0.00	60.00	0.00	60.00
5373 · AE-Taxi and Limousine	0.00	50.00	0.00	50.00
5374 · AE-Train	0.00	765.00	0.00	765.00
Total 5369 · AE-Travel	0.00	879.00	0.00	879.00
6000 · Accounting				
6003 · Jill Feldman CPA	2,000.00	3,000.00	0.00	5,000.00
Total 6000 · Accounting	2,000.00	3,000.00	0.00	5,000.00
6010 · Auto				
6011 · Auto Rental	0.00	666.45	0.00	666.45
6013 · Gas	0.00	16.50	0.00	16.50
6015 · Parking	0.00	331.50	0.00	331.50
6017 · Tolls	0.00	60.00	0.00	60.00
Total 6010 · Auto	0.00	1,074.45	0.00	1,074.45
6020 · Communications				
6021 · ATT	14.39	63.36	0.00	77.75
6022 · Cable	17.52	122.79	0.00	140.31
6025 · MCI	54.11	110.88	0.00	164.99
6027 · Reimbursed Telephone	0.00	99.44	0.00	99.44
6028 · Skytel	211.36	137.21	0.00	348.57
6030 · Thorn	0.00	284.85	0.00	284.85
6032 · Verizon	321.90	105.64	0.00	427.54
6035 · Vz Wireless	0.00	29.81	0.00	29.81
6036 · Webworqs	0.00	900.00	0.00	900.00
Total 6020 · Communications	619.28	1,853.98	0.00	2,473.26
6060 · Employee Benefits				
6061 · Arista	0.00	1,234.00	0.00	1,234.00
6063 · Drugs	0.00	505.27	0.00	505.27
6066 · Medical Reimbursed	0.00	2,469.60	1,365.00	3,834.60
6067 · Oxford Health	1,113.38	2,960.59	0.00	4,073.97

BAC 114

CASIDENTITY
KA-772
Profit & Loss by Class
January through March 2002

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	INC	NIST ATP	NN CO FUNDING	TOTAL
Total 6060 · Employee Benefits	1,113.38	7,169.46	1,355.00	9,647.84
6093 · Insurance	0.00	445.33	0.00	445.33
6100 · Legal				
6102 · Frederica Miller ESQ	0.00	3,000.00	0.00	3,000.00
6106 · Pennie & Edmonds	3,646.05	0.00	0.00	3,646.05
Total 6100 · Legal	3,646.05	3,000.00	0.00	6,646.05
6150 · Outside Service				
6155 · D. Ferrand	1,384.00	0.00	0.00	1,384.00
6157 · George Wolberg PhD	0.00	16,666.66	0.00	16,666.66
6158 · James Cox o/s	0.00	9,035.00	0.00	9,035.00
6162 · Scott Albin	0.00	500.00	0.00	500.00
Total 6150 · Outside Service	1,384.00	26,201.66	0.00	27,585.66
6175 · Postage & Delivery	0.00	245.79	0.00	245.79
6300 · Payroll Expenses				
6305 · Elisha Gurfein	0.00	31,333.32	0.00	31,333.32
6307 · Charles La Salla	0.00	3,742.50	0.00	3,742.50
6311 · Robert G. Wine	0.00	3,520.00	0.00	3,520.00
Total 6300 · Payroll Expenses	0.00	38,595.82	0.00	38,595.82
6330 · Research and Development				
6337 · General Computer	0.00	26,714.00	0.00	26,714.00
6338 · Pacific Data Storage	0.00	751.00	0.00	751.00
6339 · Ricoh	0.00	6,419.57	0.00	6,419.57
6341 · SGI Developers	0.00	295.00	0.00	295.00
6342 · Silicon City	0.00	20,037.14	0.00	20,037.14
6343 · Silicon Graphics	0.00	30,726.15	0.00	30,726.15
6345 · YC Cable	0.00	210.00	0.00	210.00
Total 6330 · Research and Development	0.00	85,152.86	0.00	85,152.86
6350 · Payroll Taxes				
6351 · FICA	0.00	2,392.95	0.00	2,392.95
6352 · Medicare	0.00	559.64	0.00	559.64
6353 · FUTA	0.00	114.10	0.00	114.10
6354 · NYSUI	0.00	295.95	0.00	295.95
Total 6350 · Payroll Taxes	0.00	3,362.64	0.00	3,362.64
6370 · Travel				
6371 · Airfare	0.00	100.00	0.00	100.00
6372 · Hotel	0.00	160.21	0.00	160.21
6373 · Meals	0.00	234.18	0.00	234.18
6375 · Taxi	0.00	19.00	0.00	19.00
6377 · Transit Check	0.00	230.40	0.00	230.40
6370 · Travel - Other	0.00	398.60	0.00	398.60

BAC 115

CASKEALITIES
Profit & Loss by Class
January through March 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Total 6370 · Travel	0.00	1,142.39	0.00	1,142.39
6379 · Tuition Reimbursement	0.00	1,330.35	0.00	1,330.35
6380 · Utilities	1,846.86	0.00	0.00	1,846.86
Total Expense	10,609.57	180,652.99	1,365.00	192,627.56
Net Ordinary Income	-10,609.57	59,347.01	0.00	48,737.44
Other Income/Expense				
Other Expense				
6500 · Payroll Clearing Account				
6504 · Debits Net Payroll Clearing Acc	0.00	27,474.31	0.00	27,474.31
6516 · Credits Net Payroll Clearing Ac	0.00	-27,474.31	0.00	-27,474.31
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00
7000 · Bank Transfer				
7001 · CASI Co-funding Rec'd by NIST	0.00	-500.00	0.00	-500.00
7002 · CASI Co-Funding to NIST ATP	500.00	0.00	0.00	500.00
7005 · From 8735 to INC IN	-49,600.00	0.00	0.00	-49,600.00
7006 · From 8735 TO INC OUT	0.00	54,276.00	0.00	54,276.00
Total 7000 · Bank Transfer	-49,100.00	53,776.00	0.00	4,676.00
Total Other Expense	-49,100.00	53,776.00	0.00	4,676.00
Net Other Income	49,100.00	-53,776.00	0.00	-4,676.00
Net Income	38,490.43	5,571.01	0.00	44,061.44

BAC 116

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
April 2002

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	INC	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4020 · NIST ATP Income	0.00	70,000.00	0.00	70,000.00
4912 · DBK For NIST ATP	0.00	0.00	118.00	118.00
Total 4000 · Income	0.00	70,000.00	118.00	70,118.00
Total Income	0.00	70,000.00	118.00	70,118.00
Expense				
5140 · AE-Hardware				
5143 · AE-ADOBE.Com	0.00	767.39	0.00	767.39
5158 · AE-Digital River	0.00	72.92	0.00	72.92
5168 · AE-IBM Direct	0.00	1,111.73	0.00	1,111.73
5178 · AE-Wacom Technology	0.00	171.29	0.00	171.29
Total 5140 · AE-Hardware	0.00	2,123.33	0.00	2,123.33
5190 · AE-Installation				
5192 · AE-Homefront Hardware	0.00	25.96	0.00	25.96
Total 5190 · AE-Installation	0.00	25.96	0.00	25.96
5220 · AE-Office				
5226 · AE-Office Depot	0.00	190.52	0.00	190.52
Total 5220 · AE-Office	0.00	190.52	0.00	190.52
5290 · AE-Seminar				
5292 · AE-SIAM Math Society	0.00	250.00	0.00	250.00
Total 5290 · AE-Seminar	0.00	250.00	0.00	250.00
6010 · Auto				
6014 · Mobil	18.42	0.00	0.00	18.42
Total 6010 · Auto	18.42	0.00	0.00	18.42
6018 · Bank Charges	13.00	0.00	0.00	13.00
6020 · Communications				
6021 · ATT	0.00	9.89	0.00	9.89
6022 · Cable	0.00	114.23	0.00	114.23
6030 · Thorn	0.00	284.85	0.00	284.85
6032 · Verizon	109.71	37.08	0.00	146.79
Total 6020 · Communications	109.71	446.05	0.00	555.76
6060 · Employee Benefits				
6061 · Arista	0.00	617.40	0.00	617.40
6066 · Medical Reimbursed	0.00	0.00	118.00	118.00
6067 · Oxford Health	0.00	1,037.47	0.00	1,037.47
Total 6060 · Employee Benefits	0.00	1,654.87	118.00	1,772.87

117 BAC 107

CASE 775
Profit & Loss by Class
April 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
6092 · Honorarium	272.25	0.00	0.00	272.25
6093 · Insurance	0.00	-2.60	0.00	-2.60
6100 · Legal				
6102 · Frederica Miller ESQ	0.00	2,000.00	0.00	2,000.00
6106 · Pennie & Edmonds	314.44	0.00	0.00	314.44
6109 · Solomon & Bernstein	1,000.00	0.00	0.00	1,000.00
Total 6100 · Legal	1,314.44	2,000.00	0.00	3,314.44
6150 · Outside Service				
6155 · D. Ferrand	200.00	100.00	0.00	300.00
6157 · George Wolberg PhD	0.00	4,225.00	0.00	4,225.00
6158 · James Cox o/s	0.00	3,575.00	0.00	3,575.00
Total 6150 · Outside Service	200.00	7,900.00	0.00	8,100.00
6300 · Payroll Expenses				
6307 · Charles La Salla	0.00	1,635.00	0.00	1,635.00
Total 6300 · Payroll Expenses	0.00	1,635.00	0.00	1,635.00
6330 · Research and Development				
6337 · General Computer	0.00	8,115.00	0.00	8,115.00
6342 · Silicon City	0.00	10,486.62	0.00	10,486.62
Total 6330 · Research and Development	0.00	18,601.62	0.00	18,601.62
6350 · Payroll Taxes				
6351 · FICA	0.00	101.37	0.00	101.37
6352 · Medicare	0.00	23.70	0.00	23.70
6356 · NJ Disability	0.00	117.50	0.00	117.50
6357 · NJ UI	0.00	99.88	0.00	99.88
Total 6350 · Payroll Taxes	0.00	342.45	0.00	342.45
6380 · Utilities	299.77	0.00	0.00	299.77
Total Expense	2,227.59	35,167.20	118.00	37,512.79
Net Ordinary Income	-2,227.59	34,832.80	0.00	32,605.21
Other Income/Expense				
Other Expense				
6500 · Payroll Clearing Account				
6504 · Debits Net Payroll Clearing Acc	0.00	1,247.69	0.00	1,247.69
6516 · Credits Net Payroll Clearing Ac	0.00	-1,247.69	0.00	-1,247.69
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00
7000 · Bank Transfer				
7005 · From 8735 to INC IN	-19,776.00	0.00	0.00	-19,776.00
7006 · From 8735 TO INC OUT	0.00	1,000.00	0.00	1,000.00
Total 7000 · Bank Transfer	-19,776.00	1,000.00	0.00	-18,776.00

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A/P

118 BAC 108

07/24/10
Accrual Basis

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CASKEPTES
Profit & Loss by Class
April 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Total Other Expense	-19,776.00	1,000.00	0.00	-18,776.00
Net Other Income	19,776.00	-1,000.00	0.00	18,776.00
Net Income	17,548.41	33,832.80	0.00	51,381.21

119 BAC 149

07/24/10
Accrual Basis

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Profit & Loss by Class
May 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense					
Income					
4000 · Income					
4013 · Co-Funding via Out of Pocket	0.00	0.00	886.18	0.00	886.18
4014 · Co-Funding via Mastercard	0.00	0.00	7,694.40	0.00	7,694.40
4020 · NIST ATP Income	0.00	70,000.00	0.00	0.00	70,000.00
4912 · DBK For NIST ATP	0.00	0.00	7,720.00	0.00	7,720.00
Total 4000 · Income	0.00	70,000.00	16,300.58	0.00	86,300.58
Total Income	0.00	70,000.00	16,300.58	0.00	86,300.58
Expense					
5140 · AE-Hardware					
5157 · AE-Datavision	0.00	344.00	0.00	0.00	344.00
5165 · AE-GL Video	0.00	335.00	0.00	0.00	335.00
Total 5140 · AE-Hardware	0.00	679.00	0.00	0.00	679.00
5190 · AE-Installation					
5192 · AE-Homefront Hardware	0.00	284.18	0.00	0.00	284.18
Total 5190 · AE-Installation	0.00	284.18	0.00	0.00	284.18
5210 · AE-Meals	0.00	43.35	0.00	0.00	43.35
5220 · AE-Office					
5222 · AE-Coffee Distributing	0.00	323.67	0.00	0.00	323.67
5229 · AE-Radio Shack	0.00	66.80	0.00	0.00	66.80
Total 5220 · AE-Office	0.00	390.47	0.00	0.00	390.47
5270 · AE-Postage					
5275 · AE-USPS	0.00	32.45	0.00	0.00	32.45
Total 5270 · AE-Postage	0.00	32.45	0.00	0.00	32.45
5280 · AE-Repairs	0.00	9.36	0.00	0.00	9.36
5299 · AE-Software					
5306 · AE-GetInfo.Com	0.00	15.63	0.00	0.00	15.63
5310 · AE-McAfee	0.00	41.54	0.00	0.00	41.54
5312 · AE-Quickbooks	0.00	1,634.52	0.00	0.00	1,634.52
5314 · AE-Regsoft	0.00	32.94	0.00	0.00	32.94
5319 · AE-Tehalchemy	0.00	34.95	0.00	0.00	34.95
5321 · AE-WNT.Reg.Net	0.00	57.90	0.00	0.00	57.90
Total 5299 · AE-Software	0.00	1,817.48	0.00	0.00	1,817.48
5369 · AE-Travel					
5372 · AE-Metrocard	0.00	30.00	0.00	0.00	30.00
Total 5369 · AE-Travel	0.00	30.00	0.00	0.00	30.00
6000 · Accounting					
6004 · Joan Hayes CPA	0.00	1,000.00	0.00	0.00	1,000.00

BAC 120

07/24/10
Accrual Basis

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Profit & Loss by Class
May 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Total 6000 · Accounting	0.00	1,000.00	0.00	0.00	1,000.00
6010 · Auto					
6011 · Auto Rental	0.00	247.14	0.00	0.00	247.14
6012 · Exxon	0.00	9.80	0.00	0.00	9.80
6015 · Parking	0.00	169.00	0.00	0.00	169.00
6016 · Sunoco	0.00	17.50	0.00	0.00	17.50
6017 · Tolls	0.00	120.10	0.00	0.00	120.10
Total 6010 · Auto	0.00	563.54	0.00	0.00	563.54
6019 · Books	0.00	94.48	0.00	0.00	94.48
6020 · Communications					
6021 · ATT	9.29	9.29	0.00	0.00	18.58
6022 · Cable	0.00	221.35	0.00	0.00	221.35
6025 · MCI	0.00	139.68	0.00	0.00	139.68
6026 · RCN	0.00	104.98	0.00	0.00	104.98
6027 · Reimbursed Telephone	0.00	55.77	0.00	0.00	55.77
6028 · Skytel	0.00	104.78	0.00	0.00	104.78
6032 · Verizon	117.62	74.31	0.00	0.00	191.93
6034 · Voicestream Wireless	0.00	56.24	0.00	0.00	56.24
6035 · Vz Wireless	0.00	81.04	0.00	0.00	81.04
6036 · Webworqs	0.00	900.00	0.00	0.00	900.00
Total 6020 · Communications	126.91	1,747.44	0.00	0.00	1,874.35
6050 · Conference	0.00	300.00	0.00	0.00	300.00
6051 · Depreciation	8,391.00	0.00	0.00	0.00	8,391.00
6060 · Employee Benefits					
6063 · Drugs	0.00	968.59	0.00	0.00	968.59
6064 · Gym Membership	0.00	424.50	0.00	0.00	424.50
6065 · Horizon	0.00	444.27	0.00	0.00	444.27
6066 · Medical Reimbursed	0.00	4,222.50	7,720.00	0.00	11,942.50
6067 · Oxford Health	0.00	2,834.06	0.00	0.00	2,834.06
Total 6060 · Employee Benefits	0.00	8,893.92	7,720.00	0.00	16,613.92
6092 · Honorarium	0.00	100.00	0.00	0.00	100.00
6093 · Insurance	0.00	433.80	0.00	0.00	433.80
6100 · Legal					
6106 · Pennie & Edmonds	2,364.97	0.00	0.00	0.00	2,364.97
6109 · Solomon & Bernstein	800.00	0.00	0.00	0.00	800.00
Total 6100 · Legal	3,164.97	0.00	0.00	0.00	3,164.97
6120 · Miscellaneous	0.00	146.91	0.00	0.00	146.91
6130 · Office	0.00	92.73	0.00	0.00	92.73
6150 · Outside Service					
6151 · Abe Karron	0.00	1,000.00	0.00	0.00	1,000.00
6155 · D. Ferrand	500.00	0.00	0.00	0.00	500.00
6157 · George Wolberg PhD	0.00	8,450.00	0.00	0.00	8,450.00

BAC 121

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
May 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6158 · James Cox o/s	0.00	7,085.00	0.00	0.00	7,085.00
6161 · Radio Logic	0.00	100.00	0.00	0.00	100.00
Total 6150 · Outside Service	500.00	16,635.00	0.00	0.00	17,135.00
6175 · Postage & Delivery	0.00	179.29	0.00	0.00	179.29
6178 · Repairs					
6180 · General	0.00	173.10	0.00	0.00	173.10
Total 6178 · Repairs	0.00	173.10	0.00	0.00	173.10
6189 · Rent					
6192 · Rent for 2002	0.00	0.00	0.00	10,000.00	10,000.00
Total 6189 · Rent	0.00	0.00	0.00	10,000.00	10,000.00
6300 · Payroll Expenses					
6305 · Elisha Gurfein	0.00	24,999.99	0.00	0.00	24,999.99
6306 · D.B. Karron	0.00	16,666.66	0.00	0.00	16,666.66
6307 · Charles La Salla	0.00	1,350.00	0.00	0.00	1,350.00
Total 6300 · Payroll Expenses	0.00	43,016.65	0.00	0.00	43,016.65
6330 · Research and Development					
6332 · American Media Systems	0.00	1,550.09	0.00	0.00	1,550.09
6334 · E MAG	0.00	2,000.00	0.00	0.00	2,000.00
6337 · General Computer	0.00	15,867.00	0.00	0.00	15,867.00
6338 · Pacific Data Storage	0.00	678.00	0.00	0.00	678.00
6339 · Ricoh	0.00	1,600.00	0.00	0.00	1,600.00
6342 · Silicon City	0.00	31,574.47	0.00	0.00	31,574.47
6343 · Silicon Graphics	0.00	4,400.00	0.00	0.00	4,400.00
6330 · Research and Development - Other	0.00	245.98	0.00	0.00	245.98
Total 6330 · Research and Development	0.00	57,915.54	0.00	0.00	57,915.54
6349 · Stationery	0.00	4.04	0.00	0.00	4.04
6350 · Payroll Taxes					
6351 · FICA	0.00	2,667.03	0.00	0.00	2,667.03
6352 · Medicare	0.00	623.75	0.00	0.00	623.75
Total 6350 · Payroll Taxes	0.00	3,290.78	0.00	0.00	3,290.78
6370 · Travel					
6373 · Meals	0.00	1,284.38	0.00	0.00	1,284.38
6374 · Misc Travel	0.00	107.40	0.00	0.00	107.40
6375 · Taxi	0.00	428.25	0.00	0.00	428.25
6377 · Transit Check	0.00	23.00	0.00	0.00	23.00
Total 6370 · Travel	0.00	1,843.03	0.00	0.00	1,843.03
6380 · Utilities	1,219.19	0.00	0.00	0.00	1,219.19
Total Expense	13,402.07	139,716.54	7,720.00	10,000.00	170,838.61

N/P ←

07/24/10
Accrual Basis

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
May 2002

	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Net Ordinary Income	-13,402.07	-69,716.54	8,580.58	-10,000.00	-84,538.03
Other Income/Expense					
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	0.00	6,069.15	0.00	0.00	6,069.15
6516 · Credits Net Payroll Clearing Ac	0.00	-6,069.15	0.00	0.00	-6,069.15
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer					
7005 · From 8735 to INC IN	-11,000.00	0.00	0.00	0.00	-11,000.00
7006 · From 8735 TO INC OUT	0.00	10,000.00	0.00	0.00	10,000.00
Total 7000 · Bank Transfer	-11,000.00	10,000.00	0.00	0.00	-1,000.00
Total Other Expense	-11,000.00	10,000.00	0.00	0.00	-1,000.00
Net Other Income	11,000.00	-10,000.00	0.00	0.00	1,000.00
Net Income	-2,402.07	-79,716.54	8,580.58	-10,000.00	-83,538.03

BAC 123

CAS ENTITIES
KA-781
Profit & Loss by Class
April through June 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense					
Income					
4000 · Income					
4010 · Reimbursed Expense Income	0.00	207.51	0.00	0.00	207.51
4013 · Co-Funding via Out of Pocket	0.00	0.00	886.18	0.00	886.18
4014 · Co-Funding via Mastercard	0.00	0.00	7,694.40	0.00	7,694.40
4020 · NIST ATP Income	0.00	140,000.00	0.00	0.00	140,000.00
4912 · DBK For NIST ATP	0.00	0.00	8,473.00	0.00	8,473.00
Total 4000 · Income	0.00	N 140,207.51	N 17,053.58	0.00	157,261.09
Total Income	0.00	140,207.51	17,053.58	0.00	157,261.09
Expense					
5007 · AE-Auto					
5011 · AE-Gas	0.00	88.99	0.00	0.00	88.99
Total 5007 · AE-Auto	0.00	88.99	0.00	0.00	88.99
5123 · AE-Books					
5128 · AE-IEEE Books	0.00	229.48	0.00	0.00	229.48
Total 5123 · AE-Books	0.00	229.48	0.00	0.00	229.48
5138 · AE-Dues and Subscriptions	0.00	245.68	0.00	0.00	245.68
5140 · AE-Hardware					
5141 · AE-3D.FX Cool	0.00	86.30	0.00	0.00	86.30
5143 · AE-ADOBE.Com	0.00	767.39	0.00	0.00	767.39
5145 · AE-BlkBox	0.00	1,014.43	0.00	0.00	1,014.43
5157 · AE-Datavision	0.00	1,721.87	0.00	0.00	1,721.87
5158 · AE-Digital River	0.00	72.92	0.00	0.00	72.92
5165 · AE-GL Video	0.00	335.00	0.00	0.00	335.00
5168 · AE-IBM Direct	0.00	1,111.73	0.00	0.00	1,111.73
5173 · AE-Projector People	0.00	199.00	0.00	0.00	199.00
5176 · AE-Sub Zero Technology	0.00	89.35	0.00	0.00	89.35
5178 · AE-Wacom Technology	0.00	171.29	0.00	0.00	171.29
Total 5140 · AE-Hardware	0.00	5,569.28	0.00	0.00	5,569.28
5190 · AE-Installation					
5192 · AE-Homefront Hardware	0.00	310.14	0.00	0.00	310.14
Total 5190 · AE-Installation	0.00	310.14	0.00	0.00	310.14
5200 · AE-Internet	0.00	29.95	0.00	0.00	29.95
5210 · AE-Meals	0.00	211.19	0.00	0.00	211.19
5220 · AE-Office					
5222 · AE-Coffee Distributing	0.00	407.93	0.00	0.00	407.93
5226 · AE-Office Depot	0.00	333.41	0.00	0.00	333.41
5229 · AE-Radio Shack	0.00	66.80	0.00	0.00	66.80
Total 5220 · AE-Office	0.00	808.14	0.00	0.00	808.14

BAC 124

CAS ENTITIES
KA-782
Profit & Loss by Class
April through June 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
5260 · AE-Phone	0.00	127.00	0.00	0.00	127.00
5270 · AE-Postage					
5275 · AE-USPS	0.00	32.45	0.00	0.00	32.45
Total 5270 · AE-Postage	0.00	32.45	0.00	0.00	32.45
5280 · AE-Repairs	0.00	9.36	0.00	0.00	9.36
5290 · AE-Seminar					
5292 · AE-SIAM Math Society	0.00	250.00	0.00	0.00	250.00
Total 5290 · AE-Seminar	0.00	250.00	0.00	0.00	250.00
5299 · AE-Software					
5300 · AE-Buy Up Time	0.00	799.49	0.00	0.00	799.49
5303 · AE-Eacceleration	0.00	70.00	0.00	0.00	70.00
5306 · AE-Getinfo.Com	0.00	15.63	0.00	0.00	15.63
5308 · AE-Jasc Software	0.00	19.00	0.00	0.00	19.00
5310 · AE-McAfee	0.00	72.69	0.00	0.00	72.69
5312 · AE-Quickbooks	0.00	1,098.90	0.00	0.00	1,098.90
5314 · AE-Regsoft	0.00	57.94	0.00	0.00	57.94
5316 · AE-Roxio	0.00	105.90	0.00	0.00	105.90
5317 · AE-Runtime	0.00	159.00	0.00	0.00	159.00
5319 · AE-Tehalchemy	0.00	34.95	0.00	0.00	34.95
5321 · AE-WNT.Reg.Net	0.00	57.90	0.00	0.00	57.90
5299 · AE-Software - Other	0.00	471.90	0.00	0.00	471.90
Total 5299 · AE-Software	0.00	2,963.30	0.00	0.00	2,963.30
5369 · AE-Travel					
5372 · AE-Metrocard	0.00	30.00	0.00	0.00	30.00
5374 · AE-Train	0.00	550.00	0.00	0.00	550.00
Total 5369 · AE-Travel	0.00	580.00	0.00	0.00	580.00
6000 · Accounting					
6004 · Joan Hayes CPA	0.00	1,000.00	0.00	0.00	1,000.00
Total 6000 · Accounting	0.00	1,000.00	0.00	0.00	1,000.00
6010 · Auto					
6011 · Auto Rental	0.00	247.14	0.00	0.00	247.14
6012 · Exxon	0.00	9.80	0.00	0.00	9.80
6014 · Mobil	18.42	0.00	0.00	0.00	18.42
6015 · Parking	0.00	169.00	0.00	0.00	169.00
6016 · Sunoco	0.00	17.50	0.00	0.00	17.50
6017 · Tolls	0.00	120.10	0.00	0.00	120.10
Total 6010 · Auto	18.42	563.54	0.00	0.00	581.96
6018 · Bank Charges	13.00	0.00	0.00	0.00	13.00
6019 · Books	0.00	94.48	0.00	0.00	94.48
6020 · Communications					
6021 · ATT	9.29	19.18	0.00	0.00	28.47

BAC 125

07/24/10
Accrual Basis

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
April through June 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6022 · Cable	0.00	335.58	0.00	0.00	335.58
6025 · MCI	0.00	139.68	0.00	0.00	139.68
6026 · RCN	0.00	165.49	0.00	0.00	165.49
6027 · Reimbursed Telephone	0.00	55.77	0.00	0.00	55.77
6028 · Skytel	0.00	104.78	0.00	0.00	104.78
6030 · Thorn	0.00	284.85	0.00	0.00	284.85
6032 · Verizon	340.96	111.39	0.00	0.00	452.35
6034 · Voicestream Wireless	0.00	56.24	0.00	0.00	56.24
6035 · Vz Wireless	0.00	81.04	0.00	0.00	81.04
6036 · Webworqs	0.00	900.00	0.00	0.00	900.00
Total 6020 · Communications	350.25	2,254.00	0.00	0.00	2,604.25
6050 · Conference	0.00	300.00	0.00	0.00	300.00
6051 · Depreciation	8,391.00	0.00	0.00	0.00	8,391.00
6060 · Employee Benefits					
6061 · Arista	0.00	617.40	0.00	0.00	617.40
6062 · Childcare Services - Rosalie Me	0.00	200.00	0.00	0.00	200.00
6063 · Drugs	0.00	968.59	0.00	0.00	968.59
6064 · Gym Membership	0.00	424.50	0.00	0.00	424.50
6065 · Horizon	0.00	444.27	0.00	0.00	444.27
6066 · Medical Reimbursed	0.00	4,222.50	8,473.00	0.00	12,695.50
6067 · Oxford Health	0.00	3,871.53	0.00	0.00	3,871.53
Total 6060 · Employee Benefits	0.00	10,748.79	8,473.00	0.00	19,221.79
6092 · Honorarium	272.25	100.00	0.00	0.00	372.25
6093 · Insurance	0.00	418.20	0.00	0.00	418.20
6100 · Legal					
6102 · Frederica Miller ESQ	0.00	2,000.00	0.00	0.00	2,000.00
6106 · Pennie & Edmonds	3,480.00	0.00	0.00	0.00	3,480.00
6109 · Solomon & Bernstein	1,800.00	0.00	0.00	0.00	1,800.00
Total 6100 · Legal	5,280.00	2,000.00	0.00	0.00	7,280.00
6120 · Miscellaneous	0.00	146.91	0.00	0.00	146.91
6130 · Office	0.00	92.73	0.00	0.00	92.73
6150 · Outside Service					
6151 · Abe Karron	0.00	1,000.00	0.00	0.00	1,000.00
6155 · D. Ferrand	900.00	100.00	0.00	0.00	1,000.00
6157 · George Wolberg PhD	0.00	12,675.00	0.00	0.00	12,675.00
6158 · James Cox o/s	0.00	10,660.00	0.00	0.00	10,660.00
6161 · Radio Logic	0.00	100.00	0.00	0.00	100.00
Total 6150 · Outside Service	900.00	24,535.00	0.00	0.00	25,435.00
6175 · Postage & Delivery	0.00	179.29	0.00	0.00	179.29
6178 · Repairs					
6180 · General	0.00	173.10	0.00	0.00	173.10
Total 6178 · Repairs	0.00	173.10	0.00	0.00	173.10

BAC 126

CAS/KA-784
Profit & Loss by Class
April through June 2002

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	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6189 · Rent					
6192 · Rent for 2002	0.00	2,000.00	0.00	10,000.00	12,000.00
Total 6189 · Rent	0.00	2,000.00	0.00	10,000.00	12,000.00
6300 · Payroll Expenses					
6301 · Scott Albin emp	0.00	2,310.00	0.00	0.00	2,310.00
6305 · Elisha Gurfein	0.00	24,999.99	0.00	0.00	24,999.99
6306 · D.B. Karron	0.00	16,666.66	0.00	0.00	16,666.66
6307 · Charles La Salla	0.00	6,510.00	0.00	0.00	6,510.00
6314 · Nicholee A. Wynter	0.00	2,070.00	0.00	0.00	2,070.00
Total 6300 · Payroll Expenses	0.00	52,556.65	0.00	0.00	52,556.65
6330 · Research and Development					
6332 · American Media Systems	0.00	1,550.09	0.00	0.00	1,550.09
6334 · E MAG	0.00	2,000.00	0.00	0.00	2,000.00
6335 · frozencpu.com	0.00	608.33	0.00	0.00	608.33
6337 · General Computer	0.00	23,982.00	0.00	0.00	23,982.00
6338 · Pacific Data Storage	0.00	678.00	0.00	0.00	678.00
6339 · Ricoh	0.00	1,600.00	0.00	0.00	1,600.00
6342 · Silicon City	0.00	42,061.09	0.00	0.00	42,061.09
6343 · Silicon Graphics	0.00	4,400.00	0.00	0.00	4,400.00
6330 · Research and Development - Other	0.00	260.24	0.00	0.00	260.24
Total 6330 · Research and Development	0.00	77,139.75	0.00	0.00	77,139.75
6349 · Stationery	0.00	4.04	0.00	0.00	4.04
6350 · Payroll Taxes					
6351 · FICA	0.00	3,258.51	0.00	0.00	3,258.51
6352 · Medicare	0.00	762.08	0.00	0.00	762.08
6353 · FUTA	0.00	117.10	0.00	0.00	117.10
6354 · NYSUI	0.00	718.73	0.00	0.00	718.73
6356 · NJ Disability	0.00	117.50	0.00	0.00	117.50
6357 · NJ UI	0.00	99.88	0.00	0.00	99.88
Total 6350 · Payroll Taxes	0.00	5,073.80	0.00	0.00	5,073.80
6370 · Travel					
6373 · Meals	0.00	1,284.38	0.00	0.00	1,284.38
6374 · Misc Travel	0.00	107.40	0.00	0.00	107.40
6375 · Taxi	0.00	428.25	0.00	0.00	428.25
6377 · Transit Check	0.00	23.00	0.00	0.00	23.00
Total 6370 · Travel	0.00	1,843.03	0.00	0.00	1,843.03
6380 · Utilities	2,180.56	0.00	0.00	0.00	2,180.56
Total Expense	17,405.48	192,678.27	8,473.00	10,000.00	228,556.75
Net Ordinary Income	-17,405.48	-52,470.76	8,580.58	-10,000.00	-71,295.66
Other Income/Expense					

< Accrual at 5/31/02 >

EXP

EXP

CAS/ENTITIES
Profit & Loss by Class
April through June 2002

	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	0.00	35,613.44	0.00	0.00	35,613.44
6516 · Credits Net Payroll Clearing Ac	0.00	-35,613.44	0.00	0.00	-35,613.44
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer					
7005 · From 8735 to INC IN	-34,776.00	0.00	0.00	0.00	-34,776.00
7006 · From 8735 TO INC OUT	0.00	15,000.00	0.00	0.00	15,000.00
Total 7000 · Bank Transfer	-34,776.00	15,000.00	0.00	0.00	-19,776.00
Total Other Expense	-34,776.00	15,000.00	0.00	0.00	-19,776.00
Net Other Income	34,776.00	-15,000.00	0.00	0.00	19,776.00
Net Income	17,370.52	-67,470.76	8,580.58	-10,000.00	-51,519.66

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
July 2002

	AJE	NIST ATP	TOTAL
Ordinary Income/Expense			
Income			
4000 · Income			
4020 · NIST ATP Income	0.00	140,000.00	140,000.00
Total 4000 · Income	0.00	140,000.00	140,000.00
Total Income	0.00	140,000.00	140,000.00
Expense			
5007 · AE-Auto			
5010 · AE-Edison Parking	0.00	68.00	68.00
5011 · AE-Gas	0.00	25.22	25.22
Total 5007 · AE-Auto	0.00	93.22	93.22
5123 · AE-Books			
5125 · AE-Barnes & Noble	0.00	18.40	18.40
5128 · AE-IEEE Books	0.00	-36.00	-36.00
Total 5123 · AE-Books	0.00	-17.60	-17.60
5138 · AE-Dues and Subscriptions	0.00	84.95	84.95
5140 · AE-Hardware			
5157 · AE-Datavision	0.00	225.00	225.00
5174 · AE-Rackit Technology	0.00	1,366.00	1,366.00
Total 5140 · AE-Hardware	0.00	1,591.00	1,591.00
5189 · AE-Hotel	0.00	522.42	522.42
5190 · AE-Installation			
5192 · AE-Homefront Hardware	0.00	1,058.75	1,058.75
5193 · AE-Jensen Tools	0.00	1,230.40	1,230.40
5190 · AE-Installation - Other	0.00	32.54	32.54
Total 5190 · AE-Installation	0.00	2,321.69	2,321.69
5200 · AE-Internet	0.00	-29.95	-29.95
5210 · AE-Meals	0.00	589.17	589.17
5220 · AE-Office			
5226 · AE-Office Depot	0.00	349.97	349.97
5229 · AE-Radio Shack	0.00	33.93	33.93
Total 5220 · AE-Office	0.00	383.90	383.90
5260 · AE-Phone			
5265 · AE-Sprint	0.00	-105.00	-105.00
5266 · AE-Telephone	0.00	183.00	183.00
Total 5260 · AE-Phone	0.00	78.00	78.00
5280 · AE-Repairs	0.00	8.66	8.66
5299 · AE-Software			
5303 · AE-Eacceleration	0.00	-34.00	-34.00

BAC 129

07/24/10
Accrual Basis

CASILENT
Profit & Loss by Class
July 2002

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	AJE	NIST ATP	TOTAL
5307 · AE-Iris Inc.	0.00	68.94	68.94
5320 · AE-Visioneer	0.00	44.94	44.94
Total 5299 · AE-Software	0.00	79.88	79.88
5350 · AE-Tech			
5351 · AE-Time Motion Tools	0.00	104.55	104.55
5352 · Microsoft	0.00	245.00	245.00
Total 5350 · AE-Tech	0.00	349.55	349.55
5360 · AE-Tools			
5361 · AE-Micro Mark	0.00	139.95	139.95
5362 · AE-Tecra Tools	0.00	247.30	247.30
Total 5360 · AE-Tools	0.00	387.25	387.25
6000 · Accounting			
6004 · Joan Hayes CPA	0.00	1,090.00	1,090.00
Total 6000 · Accounting	0.00	1,090.00	1,090.00
6010 · Auto			
6013 · Gas	0.00	9.30	9.30
6015 · Parking	0.00	35.00	35.00
6017 · Tolls	0.00	102.00	102.00
Total 6010 · Auto	0.00	146.30	146.30
6020 · Communications			
6021 · ATT	0.00	16.37	16.37
6022 · Cable	0.00	115.69	115.69
6025 · MCI	0.00	9.83	9.83
6026 · RCN	0.00	60.51	60.51
6027 · Reimbursed Telephone	0.00	36.60	36.60
6028 · Skytel	0.00	98.63	98.63
6030 · Thorn	0.00	284.85	284.85
6032 · Verizon	0.00	182.84	182.84
6034 · Voicestream Wireless	0.00	39.99	39.99
6035 · Vz Wireless	0.00	40.52	40.52
6036 · Webworqs	0.00	1,900.00	1,900.00
Total 6020 · Communications	0.00	2,785.83	2,785.83
6040 · Computer Installation			
6043 · Figlia & Sons	0.00	1,995.00	1,995.00
Total 6040 · Computer Installation	0.00	1,995.00	1,995.00
6050 · Conference	0.00	300.00	300.00
6053 · Dues and Subscriptions	0.00	50.00	50.00
6060 · Employee Benefits			
6061 · Arista	0.00	417.65	417.65
6062 · Childcare Services - Rosalie Me	0.00	735.00	735.00

BAC 130

07/24/10
Accrual Basis

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CASE 1:08-cv-10223-NRB
KA-788
Profit & Loss by Class
July 2002

	AJE	NIST ATP	TOTAL
6063 · Drugs	0.00	237.42	237.42
6065 · Horizon	0.00	444.27	444.27
6067 · Oxford Health	0.00	1,290.51	1,290.51
Total 6060 · Employee Benefits	0.00	3,124.85	3,124.85
6090 · Equipment Repairs	0.00	107.17	107.17
6093 · Insurance	0.00	-7.80	-7.80
6122 · NG Check	0.00	0.00	0.00
6130 · Office	0.00	76.21	76.21
6150 · Outside Service			
6155 · D. Ferrand	0.00	400.00	400.00
6157 · George Wolberg PhD	0.00	225.00	225.00
6158 · James Cox o/s	0.00	10,985.00	10,985.00
Total 6150 · Outside Service	0.00	11,610.00	11,610.00
6170 · Paypal Payments	0.00	-0.25	-0.25
6175 · Postage & Delivery	0.00	79.91	79.91
6300 · Payroll Expenses			
6305 · Elisha Gurfeln	0.00	8,333.33	8,333.33
6306 · D.B. Karron	0.00	43,749.99	43,749.99
Total 6300 · Payroll Expenses	0.00	52,083.32	52,083.32
6330 · Research and Development			
6337 · General Computer	0.00	3,378.00	3,378.00
6342 · Silicon City	0.00	1,110.74	1,110.74
Total 6330 · Research and Development	0.00	4,488.74	4,488.74
6350 · Payroll Taxes			
6351 · FICA	-4,790.02	8,019.18	3,229.16
6352 · Medicare	-765.24	1,520.45	755.21
6356 · NJ Disability	0.00	287.20	287.20
6357 · NJ UI	0.00	924.92	924.92
Total 6350 · Payroll Taxes	-5,555.26	10,751.75	5,196.49
6370 · Travel			
6374 · Misc Travel	0.00	18.00	18.00
6375 · Taxi	0.00	40.00	40.00
6377 · Transit Check	0.00	303.20	303.20
Total 6370 · Travel	0.00	361.20	361.20
6380 · Utilities	0.00	832.05	832.05
Total Expense	-5,555.26	96,316.42	90,761.16
Net Ordinary Income	5,555.26	43,683.58	49,238.84
Other Income/Expense			
Other Expense			

BAC 131

07/24/10
Accrual Basis

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
July 2002

	AJE	NIST ATP	TOTAL
6500 · Payroll Clearing Account			
6504 · Debits Net Payroll Clearing Acc	0.00	28,997.17	28,997.17
6516 · Credits Net Payroll Clearing Ac	0.00	-25,377.96	-25,377.96
Total 6500 · Payroll Clearing Account	0.00	3,619.21	3,619.21
Total Other Expense	0.00	3,619.21	3,619.21
Net Other Income	0.00	-3,619.21	-3,619.21
Net Income	5,555.26	40,064.37	45,619.63

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CASE 1:08-cv-10223-NRB
Profit & Loss by Class
August 2002

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	AJE	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense						
Income						
4000 - Income						
4013 - Co-Funding via Out of Pocket	0.00	0.00	0.00	485.54	0.00	485.54
4014 - Co-Funding via Mastercard	0.00	0.00	0.00	10,859.18	0.00	10,859.18
4912 - DBK For NIST ATP	0.00	0.00	0.00	3,080.00	0.00	3,080.00
Total 4000 - Income	0.00	0.00	0.00	14,424.72	0.00	14,424.72
Total Income	0.00	0.00	0.00	14,424.72	0.00	14,424.72
Expense						
5007 - AE-Auto						
5011 - AE-Gas	0.00	0.00	22.79	0.00	0.00	22.79
Total 5007 - AE-Auto	0.00	0.00	22.79	0.00	0.00	22.79
5138 - AE-Dues and Subscriptions	0.00	0.00	489.90	0.00	0.00	489.90
5139 - AE-Finance Charge	0.00	0.00	2.14	0.00	0.00	2.14
5189 - AE-Hotel	0.00	0.00	435.05	0.00	0.00	435.05
5190 - AE-Installation						
5192 - AE-Homefront Hardware	0.00	0.00	239.95	0.00	0.00	239.95
5193 - AE-Jensen Tools	0.00	0.00	3.00	0.00	0.00	3.00
Total 5190 - AE-Installation	0.00	0.00	242.95	0.00	0.00	242.95
5200 - AE-Internet						
5203 - AE-Expedia	0.00	0.00	331.25	0.00	0.00	331.25
Total 5200 - AE-Internet	0.00	0.00	331.25	0.00	0.00	331.25
5210 - AE-Meals	0.00	0.00	5.12	0.00	0.00	5.12
5220 - AE-Office						
5226 - AE-Office Depot	0.00	0.00	376.59	0.00	0.00	376.59
5229 - AE-Radio Shack	0.00	0.00	17.30	0.00	0.00	17.30
5231 - AE-Staples	0.00	0.00	142.91	0.00	0.00	142.91
5220 - AE-Office - Other	0.00	0.00	36.00	0.00	0.00	36.00
Total 5220 - AE-Office	0.00	0.00	572.80	0.00	0.00	572.80
5260 - AE-Phone						
5266 - AE-Telephone	0.00	0.00	0.00	0.00	0.00	0.00
Total 5260 - AE-Phone	0.00	0.00	0.00	0.00	0.00	0.00
5280 - AE-Repairs	0.00	0.00	6.50	0.00	0.00	6.50
5299 - AE-Software	0.00	0.00	49.95	0.00	0.00	49.95
6000 - Accounting						
6005 - Ken Jackson	0.00	0.00	1,360.00	0.00	0.00	1,360.00
Total 6000 - Accounting	0.00	0.00	1,360.00	0.00	0.00	1,360.00
6010 - Auto						
6011 - Auto Rental	0.00	0.00	322.36	0.00	0.00	322.36
6012 - Exxon	0.00	0.00	19.71	0.00	0.00	19.71
6015 - Parking	0.00	0.00	388.00	0.00	0.00	388.00
6016 - Sunoco	0.00	0.00	25.90	0.00	0.00	25.90
6017 - Tolls	0.00	0.00	74.05	0.00	0.00	74.05
Total 6010 - Auto	0.00	0.00	830.02	0.00	0.00	830.02
6018 - Bank Charges	0.00	25.00	0.00	0.00	0.00	25.00
6019 - Books	0.00	0.00	141.02	0.00	0.00	141.02

BAC 133

07/24/10
Accrual Basis

CASE 791
Profit & Loss by Class
August 2002

	AJE	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6020 - Communications						
6021 - ATT	0.00	0.00	23.42	0.00	0.00	23.42
6022 - Cable	0.00	0.00	112.00	0.00	0.00	112.00
6025 - MCI	0.00	0.00	51.01	0.00	0.00	51.01
6026 - RCN	0.00	0.00	182.52	0.00	0.00	182.52
6032 - Verizon	0.00	0.00	234.14	0.00	0.00	234.14
6034 - Voicestream Wireless	0.00	0.00	39.99	0.00	0.00	39.99
6035 - Vz Wireless	0.00	0.00	40.52	0.00	0.00	40.52
6036 - Webworqs	0.00	0.00	300.00	0.00	0.00	300.00
Total 6020 - Communications	0.00	0.00	983.60	0.00	0.00	983.60
6040 - Computer Installation						
6046 - Metro Solar	0.00	0.00	1,000.00	0.00	0.00	1,000.00
Total 6040 - Computer Installation	0.00	0.00	1,000.00	0.00	0.00	1,000.00
6051 - Depreciation	0.00	2,098.00	0.00	0.00	0.00	2,098.00
6060 - Employee Benefits						
6062 - Childcare Services - Rosalie Me	0.00	0.00	400.00	0.00	0.00	400.00
6063 - Drugs	0.00	0.00	419.55	0.00	0.00	419.55
6064 - Gym Membership	0.00	0.00	257.00	0.00	0.00	257.00
6066 - Medical Reimbursed	0.00	0.00	9,472.00	3,080.00	0.00	12,552.00
6067 - Oxford Health	0.00	0.00	1,771.29	0.00	0.00	1,771.29
Total 6060 - Employee Benefits	0.00	0.00	12,319.84	3,080.00	0.00	15,399.84
6092 - Honorarium	0.00	0.00	469.80	0.00	0.00	469.80
6093 - Insurance	0.00	0.00	152.90	0.00	0.00	152.90
6130 - Office	0.00	0.00	123.01	0.00	0.00	123.01
6150 - Outside Service						
6155 - D. Ferrand	0.00	0.00	200.00	0.00	0.00	200.00
6157 - George Wolberg PhD	0.00	0.00	1,000.00	0.00	0.00	1,000.00
Total 6150 - Outside Service	0.00	0.00	1,200.00	0.00	0.00	1,200.00
6170 - Paypal Payments	0.00	0.00	330.00	0.00	0.00	330.00
6175 - Postage & Delivery	0.00	0.00	45.88	0.00	0.00	45.88
6178 - Repairs	0.00	0.00	75.00	0.00	0.00	75.00
6189 - Rent						
6192 - Rent for 2002	0.00	0.00	0.00	0.00	6,000.00	6,000.00
Total 6189 - Rent	0.00	0.00	0.00	0.00	6,000.00	6,000.00
6300 - Payroll Expenses						
6301 - Scott Albin emp	0.00	0.00	2,640.00	0.00	0.00	2,640.00
6305 - Elisha Gurfein	0.00	0.00	8,333.33	0.00	0.00	8,333.33
6306 - D.B. Karron	0.00	0.00	61,918.07	0.00	0.00	61,918.07
6307 - Charles La Salla	0.00	0.00	2,145.00	0.00	0.00	2,145.00
6314 - Nicholee A. Wynter	0.00	0.00	2,730.00	0.00	0.00	2,730.00
Total 6300 - Payroll Expenses	0.00	0.00	77,766.40	0.00	0.00	77,766.40
6330 - Research and Development						
6331 - American Advanced Power	0.00	0.00	215.00	0.00	0.00	215.00
6332 - American Media Systems	0.00	0.00	-370.00	0.00	0.00	-370.00
6334 - E MAG	0.00	0.00	850.00	0.00	0.00	850.00
6335 - frozencpu.com	0.00	0.00	237.50	0.00	0.00	237.50
6337 - General Computer	0.00	0.00	1,214.21	0.00	0.00	1,214.21
6342 - Silicon City	0.00	0.00	10,533.47	0.00	0.00	10,533.47
6344 - Vision Shape	0.00	0.00	4,643.25	0.00	0.00	4,643.25

BAC 134

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
August 2002

07/24/10
Accrual Basis

	AJE	INC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6330 • Research and Development - Other	0.00	0.00	34.00	0.00	0.00	34.00
Total 6330 • Research and Development	0.00	0.00	17,357.43	0.00	0.00	17,357.43
6350 • Payroll Taxes						
6351 • FICA	-573.66	0.00	3,074.22	0.00	0.00	2,500.56
6352 • Medicare	435.00	0.00	692.61	0.00	0.00	1,127.61
6353 • FUTA	0.00	0.00	42.96	0.00	0.00	42.96
6354 • NYSUI	0.00	0.00	218.83	0.00	0.00	218.83
Total 6350 • Payroll Taxes	-138.66	0.00	4,028.62	0.00	0.00	3,889.96
6360 • Taxes						
6361 • NY Corporation Tax	0.00	800.00	0.00	0.00	0.00	800.00
Total 6360 • Taxes	0.00	800.00	0.00	0.00	0.00	800.00
6370 • Travel						
6373 • Meals	0.00	0.00	584.47	0.00	0.00	584.47
6374 • Misc Travel	0.00	0.00	40.00	0.00	0.00	40.00
6375 • Taxi	0.00	100.00	140.00	0.00	0.00	240.00
6376 • Train	0.00	0.00	9.75	0.00	0.00	9.75
6377 • Transit Check	0.00	0.00	1.00	0.00	0.00	1.00
Total 6370 • Travel	0.00	100.00	775.22	0.00	0.00	875.22
Total Expense	-138.66	3,023.00	121,117.19	3,080.00	6,000.00	133,081.53
Net Ordinary Income	138.66	-3,023.00	-121,117.19	11,344.72	-6,000.00	-118,656.81
Other Income/Expense						
Other Expense						
6500 • Payroll Clearing Account						
6504 • Debits Net Payroll Clearing Acc	0.00	0.00	12,608.24	0.00	0.00	12,608.24
6516 • Credits Net Payroll Clearing Ac	0.00	0.00	-16,227.45	0.00	0.00	-16,227.45
Total 6500 • Payroll Clearing Account	0.00	0.00	-3,619.21	0.00	0.00	-3,619.21
7000 • Bank Transfer						
7001 • CASI Co-funding Rec'd by NIST	0.00	0.00	-20,000.00	0.00	0.00	-20,000.00
7002 • CASI Co-Funding to NIST ATP	0.00	20,000.00	0.00	0.00	0.00	20,000.00
Total 7000 • Bank Transfer	0.00	20,000.00	-20,000.00	0.00	0.00	0.00
Total Other Expense	0.00	20,000.00	-23,619.21	0.00	0.00	-3,619.21
Net Other Income	0.00	-20,000.00	23,619.21	0.00	0.00	3,619.21
Net Income	138.66	-23,023.00	-97,497.98	11,344.72	-6,000.00	-115,037.60

BAC BS

CAS ENTITIES
KA-793
Profit & Loss by Class
July through September 2002

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	AJE	INC	N LLC N	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense							
Income							
4000 - Income							
4013 - Co-Funding via Out of Pocket	0.00	0.00	94.10	0.00	485.54	0.00	579.64
4014 - Co-Funding via Mastercard	0.00	0.00	0.00	0.00	10,859.18	0.00	10,859.18
4020 - NIST ATP Income	0.00	0.00	0.00	210,000.00	0.00	0.00	210,000.00
4712 - FROM DBKTO NIST A/C 1010	0.00	0.00	0.00	3,000.00	0.00	0.00	3,000.00
4912 - DBK For NIST ATP	0.00	0.00	0.00	0.00	3,665.00	0.00	3,665.00
Total 4000 - Income	0.00	0.00	N 94.10	N 213,000.00	N 15,009.72	0.00	228,103.82
Total Income	0.00	0.00	94.10	213,000.00	15,009.72	0.00	228,103.82
Expense							
5007 - AE-Auto							
5009 - AE-Central Parking	0.00	0.00	0.00	25.00	0.00	0.00	25.00
5010 - AE-Edison Parking	0.00	0.00	0.00	68.00	0.00	0.00	68.00
5011 - AE-Gas	0.00	0.00	0.00	71.71	0.00	0.00	71.71
Total 5007 - AE-Auto	0.00	0.00	0.00	164.71	0.00	0.00	164.71
5123 - AE-Books							
5126 - AE-Barnes & Noble	0.00	0.00	0.00	18.40	0.00	0.00	18.40
5128 - AE-IEEE Books	0.00	0.00	0.00	-36.00	0.00	0.00	-36.00
Total 5123 - AE-Books	0.00	0.00	0.00	-17.60	0.00	0.00	-17.60
5138 - AE-Dues and Subscriptions	0.00	0.00	0.00	770.80	0.00	0.00	770.80
5139 - AE-Finance Charge	0.00	0.00	0.00	4.37	0.00	0.00	4.37
5140 - AE-Hardware							
5157 - AE-Datavision	0.00	0.00	0.00	225.00	0.00	0.00	225.00
5161 - AE-Electrical Supply	0.00	0.00	0.00	571.70	0.00	0.00	571.70
5171 - AE-Lumberland	0.00	0.00	0.00	9.90	0.00	0.00	9.90
5174 - AE-Rackit Technology	0.00	0.00	0.00	1,366.00	0.00	0.00	1,366.00
Total 5140 - AE-Hardware	0.00	0.00	0.00	2,172.60	0.00	0.00	2,172.60
5189 - AE-Hotel	0.00	0.00	0.00	973.08	0.00	0.00	973.08
5190 - AE-Installation							
5192 - AE-Homefront Hardware	0.00	0.00	0.00	1,795.99	0.00	0.00	1,795.99
5193 - AE-Jensen Tools	0.00	0.00	0.00	1,161.01	0.00	0.00	1,161.01
5190 - AE-Installation - Other	0.00	0.00	0.00	32.54	0.00	0.00	32.54
Total 5190 - AE-Installation	0.00	0.00	0.00	2,989.54	0.00	0.00	2,989.54
5200 - AE-Internet							
5203 - AE-Expedia	0.00	0.00	0.00	331.25	0.00	0.00	331.25
5200 - AE-Internet - Other	0.00	0.00	0.00	-29.95	0.00	0.00	-29.95
Total 5200 - AE-Internet	0.00	0.00	0.00	301.30	0.00	0.00	301.30
5210 - AE-Meals	0.00	0.00	0.00	707.41	0.00	0.00	707.41
5220 - AE-Office							
5226 - AE-Office Depot	0.00	0.00	0.00	1,150.90	0.00	0.00	1,150.90
5229 - AE-Radio Shack	0.00	0.00	0.00	51.23	0.00	0.00	51.23
5231 - AE-Staples	0.00	0.00	0.00	142.91	0.00	0.00	142.91
5220 - AE-Office - Other	0.00	0.00	0.00	36.00	0.00	0.00	36.00
Total 5220 - AE-Office	0.00	0.00	0.00	1,381.04	0.00	0.00	1,381.04
5260 - AE-Phone							
5265 - AE-Sprint	0.00	0.00	0.00	-310.00	0.00	0.00	-310.00
5266 - AE-Telephone	0.00	0.00	0.00	183.00	0.00	0.00	183.00
Total 5260 - AE-Phone	0.00	0.00	0.00	-127.00	0.00	0.00	-127.00
5280 - AE-Repairs	0.00	0.00	0.00	15.16	0.00	0.00	15.16
5299 - AE-Software							
5303 - AE-Eacceleration	0.00	0.00	0.00	-34.00	0.00	0.00	-34.00
5307 - AE-Iris Inc.	0.00	0.00	0.00	68.94	0.00	0.00	68.94
5314 - AE-Regsoft	0.00	0.00	0.00	39.95	0.00	0.00	39.95

BAC 136

CAS ENTITIES
Profit & Loss by Class
July through September 2002

Accrual Basis

Case 1:08-cv-10223-NRB Document 32-2 Filed 08/23/10 Page 4 of 35

	AJE	INC	N LLC N	NIST ATP	NN CO FUNDING	RENT	TOTAL
5320 - AE-Visioneer	0.00	0.00	0.00	44.94	0.00	0.00	44.94
5299 - AE-Software - Other	0.00	0.00	0.00	82.41	0.00	0.00	82.41
Total 5299 - AE-Software	0.00	0.00	0.00	202.24	0.00	0.00	202.24
5350 - AE-Tech							
5351 - AE-Time Motion Tools	0.00	0.00	0.00	104.55	0.00	0.00	104.55
5352 - Microsoft	0.00	0.00	0.00	245.00	0.00	0.00	245.00
Total 5350 - AE-Tech	0.00	0.00	0.00	349.55	0.00	0.00	349.55
5360 - AE-Tools							
5361 - AE-Micro Mark	0.00	0.00	0.00	139.95	0.00	0.00	139.95
5362 - AE-Tecra Tools	0.00	0.00	0.00	247.30	0.00	0.00	247.30
Total 5360 - AE-Tools	0.00	0.00	0.00	387.25	0.00	0.00	387.25
6000 - Accounting							
6004 - Joan Hayes CPA	0.00	0.00	0.00	1,090.00	0.00	0.00	1,090.00
6005 - Ken Jackson	0.00	0.00	0.00	3,280.00	0.00	0.00	3,280.00
Total 6000 - Accounting	0.00	0.00	0.00	4,370.00	0.00	0.00	4,370.00
6010 - Auto							
6011 - Auto Rental	0.00	0.00	0.00	639.06	0.00	0.00	639.06
6012 - Exxon	0.00	0.00	0.00	39.50	0.00	0.00	39.50
6013 - Gas	0.00	0.00	0.00	9.30	0.00	0.00	9.30
6015 - Parking	0.00	0.00	2.00	436.50	0.00	0.00	438.50
6016 - Sunoco	0.00	0.00	0.00	25.90	0.00	0.00	25.90
6017 - Tolls	0.00	0.00	0.00	252.05	0.00	0.00	252.05
Total 6010 - Auto	0.00	0.00	2.00	1,402.31	0.00	0.00	1,404.31
6018 - Bank Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6019 - Books	0.00	0.00	0.00	141.02	0.00	0.00	141.02
6020 - Communications							
6021 - ATT	0.00	0.00	0.00	39.79	0.00	0.00	39.79
6022 - Cable	0.00	0.00	0.00	339.69	0.00	0.00	339.69
6025 - MCI	0.00	-53.82	0.00	160.19	0.00	0.00	106.37
6026 - RCN	0.00	0.00	0.00	358.52	0.00	0.00	358.52
6027 - Reimbursed Telephone	0.00	0.00	0.00	109.92	0.00	0.00	109.92
6028 - Skytel	0.00	0.00	0.00	244.61	0.00	0.00	244.61
6030 - Thorn	0.00	0.00	0.00	284.85	0.00	0.00	284.85
6032 - Verizon	0.00	0.00	0.00	619.09	0.00	0.00	619.09
6034 - Voicestream Wireless	0.00	0.00	0.00	173.19	0.00	0.00	173.19
6035 - Vz Wireless	0.00	0.00	0.00	162.08	0.00	0.00	162.08
6036 - Webworqs	0.00	0.00	0.00	2,200.00	0.00	0.00	2,200.00
Total 6020 - Communications	0.00	-53.82	0.00	4,691.93	0.00	0.00	4,638.11
6040 - Computer Installation							
6043 - Figlia & Sons	0.00	0.00	0.00	1,995.00	0.00	0.00	1,995.00
6046 - Metro Solar	0.00	0.00	0.00	1,000.00	0.00	0.00	1,000.00
Total 6040 - Computer Installation	0.00	0.00	0.00	2,995.00	0.00	0.00	2,995.00
6050 - Conference	0.00	0.00	0.00	300.00	0.00	0.00	300.00
6051 - Depreciation	0.00	2,098.00	0.00	0.00	0.00	0.00	2,098.00
6053 - Dues and Subscriptions	0.00	0.00	0.00	50.00	0.00	0.00	50.00
6060 - Employee Benefits							
6061 - Arista	0.00	0.00	0.00	1,252.95	0.00	0.00	1,252.95
6062 - Childcare Services - Rosalie Me	0.00	0.00	0.00	1,635.00	0.00	0.00	1,635.00
6063 - Drugs	0.00	0.00	0.00	1,371.17	0.00	0.00	1,371.17
6064 - Gym Membership	0.00	0.00	0.00	257.00	0.00	0.00	257.00
6065 - Horizon	0.00	0.00	0.00	444.27	0.00	0.00	444.27
6066 - Medical Reimbursed	0.00	0.00	0.00	10,204.00	3,665.00	0.00	13,869.00
6067 - Oxford Health	0.00	0.00	0.00	4,377.62	0.00	0.00	4,377.62
Total 6060 - Employee Benefits	0.00	0.00	0.00	19,542.01	3,665.00	0.00	23,207.01
6090 - Equipment Repairs	0.00	0.00	0.00	107.17	0.00	0.00	107.17

BAC 137

CAS ENTITIES
KA-795
Profit & Loss by Class
July through September 2002

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	AJE	INC	N LLC N	NIST ATP	NN CO FUNDING	RENT	TOTAL
6092 - Honorarium	0.00	0.00	0.00	469.80	0.00	0.00	469.80
6093 - Insurance	0.00	0.00	0.00	70.22	0.00	0.00	70.22
6100 - Legal							
6102 - Frederica Miller ESQ	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00
6109 - Solomon & Bernstein	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00
Total 6100 - Legal	20,000.00	0.00	0.00	0.00	0.00	0.00	20,000.00
6122 - NG Check	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6130 - Office	0.00	0.00	0.00	199.22	0.00	0.00	199.22
6150 - Outside Service							
6152 - Advanced Technology Group	0.00	0.00	0.00	1,000.00	0.00	0.00	1,000.00
6155 - D. Ferrand	0.00	0.00	0.00	1,200.00	0.00	0.00	1,200.00
6157 - George Wolberg PhD	0.00	0.00	0.00	1,225.00	0.00	0.00	1,225.00
6158 - James Cox o/s	0.00	0.00	0.00	14,235.00	0.00	0.00	14,235.00
Total 6150 - Outside Service	0.00	0.00	0.00	17,660.00	0.00	0.00	17,660.00
6170 - Paypal Payments	0.00	0.00	0.00	329.75	0.00	0.00	329.75
6175 - Postage & Delivery	0.00	0.00	0.00	216.02	0.00	0.00	216.02
6178 - Repairs	0.00	0.00	0.00	75.00	0.00	0.00	75.00
6189 - Rent							
6192 - Rent for 2002	0.00	0.00	0.00	0.00	0.00	6,000.00	6,000.00
Total 6189 - Rent	0.00	0.00	0.00	0.00	0.00	6,000.00	6,000.00
6300 - Payroll Expenses							
6301 - Scott Albin emp	0.00	0.00	0.00	2,640.00	0.00	0.00	2,640.00
6304 - James L. Cox emp	0.00	0.00	0.00	5,200.00	0.00	0.00	5,200.00
6305 - Elisha Gurfein	0.00	0.00	0.00	33,333.32	0.00	0.00	33,333.32
6306 - D.B. Karron	0.00	0.00	0.00	167,586.06	0.00	0.00	167,586.06
6307 - Charles La Salla	0.00	0.00	0.00	5,677.50	0.00	0.00	5,677.50
6308 - Regner M. Peralta	0.00	0.00	0.00	1,312.50	0.00	0.00	1,312.50
6310 - Matthew Rothman	0.00	0.00	0.00	3,405.00	0.00	0.00	3,405.00
6314 - Nicholee A. Wynter	0.00	0.00	0.00	7,278.75	0.00	0.00	7,278.75
Total 6300 - Payroll Expenses	0.00	0.00	0.00	226,433.13	0.00	0.00	226,433.13
6330 - Research and Development							
6331 - American Advanced Power	0.00	0.00	0.00	215.00	0.00	0.00	215.00
6332 - American Media Systems	0.00	0.00	0.00	-370.00	0.00	0.00	-370.00
6334 - E MAG	0.00	0.00	0.00	850.00	0.00	0.00	850.00
6335 - frozencpu.com	0.00	0.00	0.00	237.50	0.00	0.00	237.50
6337 - General Computer	0.00	0.00	0.00	6,982.21	0.00	0.00	6,982.21
6342 - Silicon City	0.00	0.00	0.00	30,966.32	0.00	0.00	30,966.32
6343 - Silicon Graphics	0.00	0.00	0.00	139.20	0.00	0.00	139.20
6344 - Vision Shape	0.00	0.00	0.00	6,643.25	0.00	0.00	6,643.25
6330 - Research and Development - Other	0.00	0.00	0.00	34.00	0.00	0.00	34.00
Total 6330 - Research and Development	0.00	0.00	0.00	45,697.48	0.00	0.00	45,697.48
6349 - Stationery	0.00	0.00	0.00	4.75	0.00	0.00	4.75
6350 - Payroll Taxes							
6351 - FICA	-1,229.23	0.00	0.00	12,956.15	0.00	0.00	11,726.92
6352 - Medicare	-330.24	0.00	0.00	3,604.50	0.00	0.00	3,274.26
6353 - FUTA	0.00	0.00	0.00	298.95	0.00	0.00	298.95
6354 - NYSUI	0.00	0.00	0.00	773.74	0.00	0.00	773.74
6356 - NJ Disability	0.00	0.00	0.00	287.20	0.00	0.00	287.20
6357 - NJ UI	0.00	0.00	0.00	924.92	0.00	0.00	924.92
6359 - Penalties and Late Fees	0.00	0.00	0.00	29.01	0.00	0.00	29.01
Total 6350 - Payroll Taxes	-1,559.47	0.00	0.00	18,874.47	0.00	0.00	17,315.00
6360 - Taxes							
6361 - NY Corporation Tax	0.00	800.00	0.00	0.00	0.00	0.00	800.00
Total 6360 - Taxes	0.00	800.00	0.00	0.00	0.00	0.00	800.00
6370 - Travel							
6373 - Meals	0.00	0.00	29.60	584.47	0.00	0.00	614.07

BAC 138

CASI ENTITIES
Profit & Loss by Class
July through September 2002

KA-796

	AJE	INC	N LLC N	NIST ATP	NN CO FUNDING	RENT	TOTAL
6374 - Misc Travel	0.00	0.00	0.00	58.00	0.00	0.00	58.00
6375 - Taxi	0.00	100.00	62.50	180.00	0.00	0.00	342.50
6376 - Train	0.00	0.00	0.00	9.75	0.00	0.00	9.75
6377 - Transit Check	0.00	0.00	0.00	326.20	0.00	0.00	326.20
Total 6370 - Travel	0.00	100.00	92.10	1,158.42	0.00	0.00	1,350.52
6380 - Utilities	0.00	1,340.83	0.00	1,568.00	0.00	0.00	2,908.83
Total Expense	18,440.53	4,285.01	94.10	356,630.15	3,665.00	6,000.00	389,114.79
Net Ordinary Income	-18,440.53	-4,285.01	0.00	-143,630.15	11,344.72	-6,000.00	-161,010.97
Other Income/Expense							
Other Expense							
6500 - Payroll Clearing Account							
6504 - Debits Net Payroll Clearing Acc	0.00	0.00	0.00	64,116.46	0.00	0.00	64,116.46
6516 - Credits Net Payroll Clearing Ac	0.00	0.00	0.00	-64,116.46	0.00	0.00	-64,116.46
Total 6500 - Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7000 - Bank Transfer							
7001 - CASI Co-funding Rec'd by NIST	0.00	0.00	0.00	-20,000.00	0.00	0.00	-20,000.00
7002 - CASI Co-Funding to NIST ATP	0.00	20,000.00	0.00	0.00	0.00	0.00	20,000.00
Total 7000 - Bank Transfer	0.00	20,000.00	0.00	-20,000.00	0.00	0.00	0.00
Total Other Expense	0.00	20,000.00	0.00	-20,000.00	0.00	0.00	0.00
Net Other Income	0.00	-20,000.00	0.00	20,000.00	0.00	0.00	0.00
Net Income	-18,440.53	-24,285.01	0.00	-123,630.15	11,344.72	-6,000.00	-161,010.97

EXP

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EXP

BAC 139

CASI ENTITIES
KA-797
Profit & Loss by Class
October 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4010 · Reimbursed Expense Income	433.14	0.00	0.00	433.14
4020 · NIST ATP Income	0.00	100,000.00	0.00	100,000.00
4912 · DBK For NIST ATP	0.00	0.00	635.00	635.00
Total 4000 · Income	433.14	100,000.00	635.00	101,068.14
Total Income	433.14	100,000.00	635.00	101,068.14
Expense				
5007 · AE-Auto				
5009 · AE-Central Parking	0.00	25.00	0.00	25.00
Total 5007 · AE-Auto	0.00	25.00	0.00	25.00
5138 · AE-Dues and Subscriptions	0.00	9.95	0.00	9.95
5140 · AE-Hardware				
5157 · AE-Datavision	0.00	2,830.87	0.00	2,830.87
5161 · AE-Electrical Supply	0.00	650.35	0.00	650.35
5170 · AE-Kips Bay Hardware	0.00	34.38	0.00	34.38
Total 5140 · AE-Hardware	0.00	3,515.60	0.00	3,515.60
5189 · AE-Hotel	0.00	77.76	0.00	77.76
5190 · AE-Installation				
5192 · AE-Homefront Hardware	0.00	272.88	0.00	272.88
Total 5190 · AE-Installation	0.00	272.88	0.00	272.88
5210 · AE-Meals	0.00	171.96	0.00	171.96
5220 · AE-Office				
5226 · AE-Office Depot	0.00	1,213.98	0.00	1,213.98
5229 · AE-Radio Shack	0.00	158.90	0.00	158.90
Total 5220 · AE-Office	0.00	1,372.88	0.00	1,372.88
5260 · AE-Phone				
5265 · AE-Sprint	0.00	0.00	0.00	0.00
Total 5260 · AE-Phone	0.00	0.00	0.00	0.00
5299 · AE-Software				
5318 · AE-Software for Science	0.00	258.00	0.00	258.00
5299 · AE-Software - Other	0.00	32.48	0.00	32.48
Total 5299 · AE-Software	0.00	290.48	0.00	290.48
6000 · Accounting				
6004 · Joan Hayes CPA	0.00	2,750.00	0.00	2,750.00
6005 · Ken Jackson	0.00	1,650.00	0.00	1,650.00
Total 6000 · Accounting	0.00	4,400.00	0.00	4,400.00

BAC 140

CASI ENTITIES
KA-798
Profit & Loss by Class
October 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
6010 · Auto				
6012 · Exxon	0.00	39.08	0.00	39.08
6016 · Sunoco	0.00	10.50	0.00	10.50
6017 · Tolls	0.00	3.50	0.00	3.50
Total 6010 · Auto	0.00	53.08	0.00	53.08
6020 · Communications				
6021 · ATT	0.00	18.12	0.00	18.12
6025 · MCI	0.00	58.96	0.00	58.96
6030 · Thorn	0.00	493.95	0.00	493.95
Total 6020 · Communications	0.00	571.03	0.00	571.03
6040 · Computer Installation				
6047 · Mistretta Electric	0.00	5,400.00	0.00	5,400.00
Total 6040 · Computer Installation	0.00	5,400.00	0.00	5,400.00
6060 · Employee Benefits				
6062 · Childcare Services - Rosalie Me	0.00	400.00	0.00	400.00
6066 · Medical Reimbursed	0.00	0.00	635.00	635.00
Total 6060 · Employee Benefits	0.00	400.00	635.00	1,035.00
6090 · Equipment Repairs	-105.00	0.00	0.00	-105.00
6093 · Insurance	0.00	-7.20	0.00	-7.20
6100 · Legal				
6109 · Solomon & Bernstein	0.00	150.00	0.00	150.00
Total 6100 · Legal	0.00	150.00	0.00	150.00
6130 · Office	0.00	60.75	0.00	60.75
6150 · Outside Service				
6155 · D. Ferrand	0.00	400.00	0.00	400.00
6159 · Jane Laylor	0.00	161.00	0.00	161.00
Total 6150 · Outside Service	0.00	561.00	0.00	561.00
6175 · Postage & Delivery	0.00	58.67	0.00	58.67
6178 · Repairs				
6180 · General	0.00	46.95	0.00	46.95
Total 6178 · Repairs	0.00	46.95	0.00	46.95
6300 · Payroll Expenses				
6304 · James L. Cox emp	0.00	2,600.00	0.00	2,600.00
6306 · D.B. Karron	0.00	16,826.00	0.00	16,826.00
6307 · Charles La Salla	0.00	435.00	0.00	435.00
6308 · Regner M. Peralta	0.00	465.00	0.00	465.00
6310 · Matthew Rothman	0.00	2,047.50	0.00	2,047.50
6314 · Nicholee A. Wynter	0.00	1,260.00	0.00	1,260.00
Total 6300 · Payroll Expenses	0.00	23,633.50	0.00	23,633.50

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BAC 141

CASI ENTITIES
KA-799
Profit & Loss by Class
October 2002

	INC	NIST ATP	NN CO FUNDING	TOTAL
6349 · Stationery	0.00	115.17	0.00	115.17
6350 · Payroll Taxes				
6351 · FICA	0.00	449.07	0.00	449.07
6352 · Medicare	0.00	342.68	0.00	342.68
Total 6350 · Payroll Taxes	0.00	791.75	0.00	791.75
6370 · Travel				
6371 · Airfare	0.00	460.50	0.00	460.50
6372 · Hotel	0.00	457.11	0.00	457.11
6373 · Meals	0.00	97.85	0.00	97.85
6375 · Taxi	0.00	156.00	0.00	156.00
Total 6370 · Travel	0.00	1,171.46	0.00	1,171.46
6380 · Utilities	362.05	0.00	0.00	362.05
Total Expense	257.05	43,142.67	635.00	44,034.72
Net Ordinary Income	176.09	56,857.33	0.00	57,033.42
Other Income/Expense				
Other Expense				
6500 · Payroll Clearing Account				
6504 · Debits Net Payroll Clearing Acc	0.00	13,528.12	0.00	13,528.12
6516 · Credits Net Payroll Clearing Ac	0.00	-13,528.12	0.00	-13,528.12
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00
Net Income	176.09	56,857.33	0.00	57,033.42

KA-800
CASE NOTES
Profit & Loss by Class
November 2002

	INC	NIST ATP	TOTAL
Ordinary Income/Expense			
Income			
4000 · Income			
4020 · NIST ATP Income	0.00	82,000.00	82,000.00
Total 4000 · Income	0.00	82,000.00	82,000.00
Total Income	0.00	82,000.00	82,000.00
Expense			
5138 · AE-Dues and Subscriptions	0.00	21.95	21.95
5140 · AE-Hardware			
5157 · AE-Datavision	0.00	0.00	0.00
5159 · AE-Dymo Corp.	0.00	82.40	82.40
5161 · AE-Electrical Supply	0.00	464.30	464.30
5170 · AE-Klips Bay Hardware	0.00	12.60	12.60
Total 5140 · AE-Hardware	0.00	559.30	559.30
5190 · AE-Installation			
5192 · AE-Homefront Hardware	0.00	203.46	203.46
5190 · AE-Installation - Other	0.00	49.34	49.34
Total 5190 · AE-Installation	0.00	252.80	252.80
5210 · AE-Meals	0.00	341.52	341.52
5220 · AE-Office			
5222 · AE-Coffee Distributing	0.00	116.62	116.62
5226 · AE-Office Depot	0.00	197.25	197.25
5220 · AE-Office - Other	0.00	210.89	210.89
Total 5220 · AE-Office	0.00	524.76	524.76
5270 · AE-Postage			
5275 · AE-USPS	0.00	60.85	60.85
Total 5270 · AE-Postage	0.00	60.85	60.85
5369 · AE-Travel	0.00	86.59	86.59
6000 · Accounting			
6004 · Joan Hayes CPA	0.00	2,875.00	2,875.00
6005 · Ken Jackson	0.00	5,900.00	5,900.00
Total 6000 · Accounting	0.00	8,775.00	8,775.00
6010 · Auto			
6011 · Auto Rental	0.00	139.85	139.85
6012 · Exxon	0.00	55.29	55.29
6013 · Gas	0.00	11.72	11.72
6016 · Sunoco	0.00	19.75	19.75
Total 6010 · Auto	0.00	226.61	226.61
6018 · Bank Charges	0.00	50.00	50.00

CASI ENTITIES
KA-801
Profit & Loss by Class
November 2002

	INC	NIST ATP	TOTAL
6019 · Books	0.00	413.47	413.47
6020 · Communications			
6021 · ATT	0.00	39.38	39.38
6022 · Cable	0.00	112.00	112.00
6025 · MCI	0.00	25.83	25.83
6026 · RCN	0.00	115.49	115.49
6028 · Skytel	0.00	48.19	48.19
6030 · Thorn	0.00	1,074.51	1,074.51
6031 · TTMobile	0.00	79.63	79.63
6032 · Verizon	0.00	471.83	471.83
6034 · Voicestream Wireless	0.00	39.64	39.64
6035 · Vz Wireless	0.00	81.04	81.04
Total 6020 · Communications	0.00	2,087.54	2,087.54
6040 · Computer Installation			
6044 · Homefront Hardware	0.00	2,532.80	2,532.80
Total 6040 · Computer Installation	0.00	2,532.80	2,532.80
6060 · Employee Benefits			
6062 · Childcare Services - Rosalie Me	0.00	500.00	500.00
6067 · Oxford Health	0.00	1,346.07	1,346.07
Total 6060 · Employee Benefits	0.00	1,846.07	1,846.07
6093 · Insurance	0.00	-21.60	-21.60
6100 · Legal			
6103 · LLBL	0.00	352.60	352.60
6106 · Pennie & Edmonds	0.00	671.15	671.15
Total 6100 · Legal	0.00	1,023.75	1,023.75
6150 · Outside Service			
6152 · Advanced Technology Group	0.00	2,000.00	2,000.00
6153 · Axiom Systems	0.00	400.00	400.00
6154 · Bator Binter	0.00	750.00	750.00
6155 · D. Ferrand	0.00	500.00	500.00
6157 · George Wolberg PhD	0.00	2,000.00	2,000.00
6160 · Peter Ross	0.00	500.00	500.00
Total 6150 · Outside Service	0.00	6,150.00	6,150.00
6175 · Postage & Delivery	0.00	12.75	12.75
6300 · Payroll Expenses			
6303 · S.W. Bothwick	0.00	780.00	780.00
6304 · James L. Cox emp	0.00	7,800.00	7,800.00
6306 · D.B. Karron	0.00	50,478.00	50,478.00
6307 · Charles La Salla	0.00	585.00	585.00
6308 · Regner M. Peralta	0.00	1,935.00	1,935.00
6310 · Matthew Rothman	0.00	5,085.00	5,085.00
6314 · Nicholee A. Wynter	0.00	3,247.50	3,247.50

BAC 144

CASI ENTITIES
KA-802
Profit & Loss by Class
November 2002

	INC	NIST ATP	TOTAL
Total 6300 - Payroll Expenses	0.00	69,910.50	69,910.50
6330 - Research and Development			
6337 - General Computer	0.00	105.00	105.00
6339 - Ricoh	0.00	500.00	500.00
6342 - Silicon City	0.00	4,049.00	4,049.00
Total 6330 - Research and Development	0.00	4,654.00	4,654.00
6350 - Payroll Taxes			
6351 - FICA	0.00	1,204.82	1,204.82
6352 - Medicare	0.00	1,013.71	1,013.71
6359 - Penalties and Late Fees	0.00	146.07	146.07
Total 6350 - Payroll Taxes	0.00	2,364.60	2,364.60
6370 - Travel			
6371 - Airfare	0.00	336.50	336.50
6372 - Hotel	0.00	359.98	359.98
6375 - Taxi	0.00	122.00	122.00
6377 - Transit Check	0.00	405.12	405.12
Total 6370 - Travel	0.00	1,223.60	1,223.60
6379 - Tuition Reimbursement	0.00	1,907.85	1,907.85
6380 - Utilities	270.98	1,197.45	1,468.43
Total Expense	270.98	106,202.16	106,473.14
Net Ordinary Income	-270.98	-24,202.16	-24,473.14
Other Income/Expense			
Other Expense			
6500 - Payroll Clearing Account			
6504 - Debits Net Payroll Clearing Acc	0.00	40,650.40	40,650.40
6516 - Credits Net Payroll Clearing Ac	0.00	-40,650.40	-40,650.40
Total 6500 - Payroll Clearing Account	0.00	0.00	0.00
7000 - Bank Transfer			
7001 - CASI Co-funding Rec'd by NIST	0.00	-5,000.00	-5,000.00
7002 - CASI Co-Funding to NIST ATP	5,000.00	0.00	5,000.00
Total 7000 - Bank Transfer	5,000.00	-5,000.00	0.00
Total Other Expense	5,000.00	-5,000.00	0.00
Net Other Income	-5,000.00	5,000.00	0.00
Net Income	-5,270.98	-19,202.16	-24,473.14

CASI ENTITIES
KA-803
Profit & Loss by Class
October 2001 through September 2002

	AJE	INC	N LLC N	NIST ATP
Ordinary Income/Expense				
Income				
4000 · Income				
4010 · Reimbursed Expense Income	0.00	0.00	0.00	207.51
4013 · Co-Funding via Out of Pocket	0.00	0.00	94.10	0.00
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	0.00
4015 · In-Kind Equipment Contribution	0.00	0.00	0.00	0.00
4020 · NIST ATP Income	0.00	0.00	0.00	800,000.00
4712 · FROM DBKTO NIST A/C 1010	0.00	0.00	0.00	3,000.00
4912 · DBK For NIST ATP	0.00	0.00	0.00	0.00
Total 4000 · Income	0.00	0.00	N 94.10	803,207.51
Total Income	0.00	0.00	94.10	803,207.51
Expense				
5000 · AE-Accounting				
5001 · AE-Jill Feldman CPA	0.00	0.00	0.00	1,000.00
Total 5000 · AE-Accounting	0.00	0.00	0.00	1,000.00
5002 · AE-Airfare				
5004 · AE-American West	0.00	0.00	0.00	316.00
5005 · AE-Expedia	0.00	0.00	0.00	956.50
5006 · AE-Jetblue	0.00	0.00	0.00	280.00
Total 5002 · AE-Airfare	0.00	0.00	0.00	1,552.50
5007 · AE-Auto				
5009 · AE-Central Parking	0.00	0.00	0.00	25.00
5010 · AE-Edison Parking	0.00	0.00	0.00	68.00
5011 · AE-Gas	0.00	0.00	0.00	182.49
Total 5007 · AE-Auto	0.00	0.00	0.00	275.49
5123 · AE-Books				
5125 · AE-Barnes & Noble	0.00	0.00	0.00	18.40
5126 · AE-Borders Books	0.00	0.00	0.00	48.66
5128 · AE-IEEE Books	0.00	0.00	0.00	193.48
Total 5123 · AE-Books	0.00	0.00	0.00	260.54
5138 · AE-Dues and Subscriptions	0.00	0.00	0.00	1,026.48
5139 · AE-Finance Charge	0.00	0.00	0.00	4.37
5140 · AE-Hardware				
5141 · AE-3D.FX Cool	0.00	0.00	0.00	86.30
5143 · AE-ADOBE.Com	0.00	0.00	0.00	767.39
5145 · AE-BikBox	0.00	0.00	0.00	1,014.43
5157 · AE-Datavision	0.00	0.00	0.00	4,316.84
5158 · AE-Digital River	0.00	0.00	0.00	180.82
5161 · AE-Electrical Supply	0.00	0.00	0.00	571.70
5165 · AE-GL Video	0.00	0.00	0.00	335.00

BAC 146

CASI ENTITIES
Profit & Loss by Class
 October 2001 through September 2002

	AJE	INC	N LLC N	NIST ATP
5168 · AE-IBM Direct	0.00	0.00	0.00	1,111.73
5169 · AE-J&R Sound	0.00	0.00	0.00	243.53
5171 · AE-Lumberland	0.00	0.00	0.00	9.90
5173 · AE-Projector People	0.00	0.00	0.00	199.00
5174 · AE-Rackit Technology	0.00	0.00	0.00	1,366.00
5176 · AE-Sub Zero Technology	0.00	0.00	0.00	89.35
5178 · AE-Wacom Technology	0.00	0.00	0.00	171.29
5180 · AE-Winzip	0.00	0.00	0.00	29.00
5140 · AE-Hardware - Other	0.00	0.00	0.00	310.57
Total 5140 · AE-Hardware	0.00	0.00	0.00	10,802.85
5189 · AE-Hotel	0.00	0.00	0.00	2,282.80
5190 · AE-Installation				
5192 · AE-Homefront Hardware	0.00	0.00	0.00	2,672.03
5193 · AE-Jensen Tools	0.00	0.00	0.00	1,161.01
5190 · AE-Installation - Other	0.00	0.00	0.00	111.87
Total 5190 · AE-Installation	0.00	0.00	0.00	3,944.91
5200 · AE-Internet				
5203 · AE-Expedia	0.00	0.00	0.00	331.25
5200 · AE-Internet - Other	0.00	0.00	0.00	0.00
Total 5200 · AE-Internet	0.00	0.00	0.00	331.25
5210 · AE-Meals	0.00	0.00	0.00	1,433.23
5220 · AE-Office				
5222 · AE-Coffee Distributing	0.00	0.00	0.00	407.93
5226 · AE-Office Depot	0.00	0.00	0.00	2,939.06
5227 · AE-Office Max	0.00	0.00	0.00	28.20
5229 · AE-Radio Shack	0.00	0.00	0.00	185.60
5231 · AE-Staples	0.00	0.00	0.00	1,029.35
5220 · AE-Office - Other	0.00	165.25	0.00	201.25
Total 5220 · AE-Office	0.00	165.25	0.00	4,791.39
5260 · AE-Phone				
5265 · AE-Sprint	0.00	0.00	0.00	-310.00
5266 · AE-Telephone	0.00	0.00	0.00	234.30
5260 · AE-Phone - Other	0.00	0.00	0.00	127.00
Total 5260 · AE-Phone	0.00	0.00	0.00	51.30
5270 · AE-Postage				
5275 · AE-USPS	0.00	0.00	0.00	279.43
Total 5270 · AE-Postage	0.00	0.00	0.00	279.43
5280 · AE-Repairs	0.00	0.00	0.00	46.16
5290 · AE-Seminar				
5292 · AE-SIAM Math Society	0.00	0.00	0.00	500.00

BAC 147

CASI ENTITIES
Profit & Loss by Class
October 2001 through September 2002

	AJE	INC	N LLC N	NIST ATP
Total 5290 · AE-Seminar	0.00	0.00	0.00	500.00
5299 · AE-Software				
5300 · AE-Buy Up Time	0.00	0.00	0.00	799.49
5303 · AE-Eacceleration	0.00	0.00	0.00	36.00
5306 · AE-GetInfo.Com	0.00	0.00	0.00	15.63
5307 · AE-Iris Inc.	0.00	0.00	0.00	68.94
5308 · AE-Jasc Software	0.00	0.00	0.00	19.00
5310 · AE-McAfee	0.00	0.00	0.00	72.69
5312 · AE-Quickbooks	0.00	0.00	0.00	1,227.90
5314 · AE-Regsoft	0.00	0.00	0.00	97.89
5316 · AE-Roxio	0.00	0.00	0.00	105.90
5317 · AE-Runtime	0.00	0.00	0.00	159.00
5319 · AE-Tehalchery	0.00	0.00	0.00	34.95
5320 · AE-Visioneer	0.00	0.00	0.00	44.94
5321 · AE-WNT.Reg.Net	0.00	0.00	0.00	57.90
5299 · AE-Software - Other	0.00	0.00	0.00	554.31
Total 5299 · AE-Software	0.00	0.00	0.00	3,294.54
5350 · AE-Tech				
5351 · AE-Time Motion Tools	0.00	0.00	0.00	104.55
5352 · Microsoft	0.00	0.00	0.00	245.00
Total 5350 · AE-Tech	0.00	0.00	0.00	349.55
5360 · AE-Tools				
5361 · AE-Micro Mark	0.00	0.00	0.00	139.95
5362 · AE-Tecra Tools	0.00	0.00	0.00	247.30
Total 5360 · AE-Tools	0.00	0.00	0.00	387.25
5369 · AE-Travel				
5371 · AE-Luggage Carts	0.00	0.00	0.00	4.00
5372 · AE-Metrocard	0.00	0.00	0.00	90.00
5373 · AE-Taxi and Limousine	0.00	0.00	0.00	50.00
5374 · AE-Train	0.00	0.00	0.00	1,589.00
Total 5369 · AE-Travel	0.00	0.00	0.00	1,733.00
6000 · Accounting				
6003 · Jill Feldman CPA	0.00	2,000.00	0.00	3,000.00
6004 · Joan Hayes CPA	0.00	0.00	0.00	2,090.00
6005 · Ken Jackson	0.00	0.00	0.00	3,280.00
Total 6000 · Accounting	0.00	2,000.00	0.00	8,370.00
6010 · Auto				
6011 · Auto Rental	0.00	295.57	0.00	1,552.65
6012 · Exxon	0.00	0.00	0.00	49.30
6013 · Gas	0.00	0.00	0.00	56.64
6014 · Mobil	0.00	63.91	0.00	0.00

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CASI ENTITIES
Profit & Loss by Class
October 2001 through September 2002

	AJE	INC	N LLC N	NIST ATP
6015 · Parking	0.00	100.00	2.00	993.50
6016 · Sunoco	0.00	0.00	0.00	43.40
6017 · Tolls	0.00	0.00	0.00	507.15
Total 6010 · Auto	0.00	459.48	2.00	3,202.64
6018 · Bank Charges	0.00	45.54	0.00	0.00
6019 · Books	0.00	0.00	0.00	464.80
6020 · Communications				
6021 · ATT	0.00	139.61	0.00	122.33
6022 · Cable	0.00	87.60	0.00	798.06
6025 · MCI	0.00	135.99	0.00	410.75
6026 · RCN	0.00	0.00	0.00	524.01
6027 · Reimbursed Telephone	0.00	0.00	0.00	344.00
6028 · Skytel	0.00	369.32	0.00	486.60
6030 · Thorn	0.00	522.22	0.00	854.55
6032 · Verizon	0.00	1,299.23	0.00	836.12
6034 · Voicestream Wireless	0.00	0.00	0.00	229.43
6035 · Vz Wireless	0.00	0.00	0.00	272.93
6036 · Webworqs	0.00	0.00	0.00	4,000.00
Total 6020 · Communications	0.00	2,553.97	0.00	8,878.78
6040 · Computer Installation				
6041 · Columbia	0.00	0.00	0.00	589.96
6043 · Figlia & Sons	0.00	0.00	0.00	1,995.00
6044 · Homefront Hardware	0.00	0.00	0.00	29.00
6045 · Kips Bay Hardware	0.00	0.00	0.00	70.27
6046 · Metro Solar	0.00	0.00	0.00	1,000.00
Total 6040 · Computer Installation	0.00	0.00	0.00	3,684.23
6050 · Conference	0.00	970.00	0.00	600.00
6051 · Depreciation	0.00	10,489.00	0.00	0.00
6052 · Domain Name	0.00	70.00	0.00	0.00
6053 · Dues and Subscriptions	0.00	50.00	0.00	141.06
6060 · Employee Benefits				
6061 · Arista	0.00	0.00	0.00	3,104.35
6062 · Childcare Services - Rosalie Me	0.00	0.00	0.00	1,835.00
6063 · Drugs	0.00	477.92	0.00	3,236.88
6064 · Gym Membership	0.00	0.00	0.00	1,143.46
6065 · Horizon	0.00	0.00	0.00	888.54
6066 · Medical Reimbursed	0.00	774.00	0.00	19,245.60
6067 · Oxford Health	0.00	1,996.96	0.00	11,209.74
Total 6060 · Employee Benefits	0.00	3,248.88	0.00	40,663.57
6090 · Equipment Repairs	0.00	317.17	0.00	107.17
6091 · Finance Charge	0.00	8.75	0.00	0.00
6092 · Honorarium	0.00	472.25	0.00	569.80
6093 · Insurance	0.00	0.00	0.00	925.37

BAC 149

CASI ENTITIES
Profit & Loss by Class
 October 2001 through September 2002

KA-807

	AJE	INC	N LLC N	NIST ATP
6100 · Legal				
6102 · Frederica Miller ESQ	10,000.00	0.00	0.00	6,000.00
6106 · Pennie & Edmonds	0.00	9,404.13	0.00	0.00
6109 · Solomon & Bernstein	10,000.00	1,800.00	0.00	0.00
Total 6100 · Legal	20,000.00	11,204.13	0.00	6,000.00
6120 · Miscellaneous	0.00	20.28	0.00	147.01
6122 · NG Check	0.00	0.00	0.00	0.00
6130 · Office	0.00	0.00	0.00	433.27
6150 · Outside Service				
6151 · Abe Karron	0.00	0.00	0.00	1,000.00
6152 · Advanced Technology Group	0.00	68,000.00	0.00	1,000.00
6155 · D. Ferrand	0.00	3,319.00	0.00	1,300.00
6157 · George Wolberg PhD	0.00	0.00	0.00	38,898.99
6158 · James Cox o/s	0.00	0.00	0.00	33,930.00
6161 · Radio Logic	0.00	0.00	0.00	100.00
6162 · Scott Albin	0.00	0.00	0.00	2,000.00
Total 6150 · Outside Service	0.00	71,319.00	0.00	78,228.99
6170 · Paypal Payments	0.00	0.00	0.00	329.75
6175 · Postage & Delivery	0.00	189.35	0.00	641.10
6178 · Repairs				
6180 · General	0.00	0.00	0.00	173.10
6178 · Repairs - Other	0.00	0.00	0.00	75.00
Total 6178 · Repairs	0.00	0.00	0.00	248.10
6189 · Rent				
6191 · Rent for 2001	0.00	0.00	0.00	0.00
6192 · Rent for 2002	0.00	0.00	0.00	2,000.00
Total 6189 · Rent	0.00	0.00	0.00	2,000.00
6300 · Payroll Expenses				
6301 · Scott Albin emp	0.00	0.00	0.00	4,950.00
6304 · James L. Cox emp	0.00	0.00	0.00	5,200.00
6305 · Elisha Gurfein	0.00	0.00	0.00	100,000.95
6306 · D.B. Karron	0.00	0.00	0.00	184,252.72
6307 · Charles La Salla	0.00	0.00	0.00	19,800.00
6308 · Regner M. Peralta	0.00	0.00	0.00	1,312.50
6310 · Matthew Rothman	0.00	0.00	0.00	3,405.00
6311 · Robert G. Wine	0.00	0.00	0.00	3,520.00
6314 · Nicholee A. Wynter	0.00	0.00	0.00	9,348.75
Total 6300 · Payroll Expenses	0.00	0.00	0.00	331,789.92
6330 · Research and Development				
6331 · American Advanced Power	0.00	0.00	0.00	215.00
6332 · American Media Systems	0.00	0.00	0.00	1,180.09
6334 · E MAG	0.00	0.00	0.00	2,850.00

BAC ISO

CASI ENTITIES
Profit & Loss by Class
October 2001 through September 2002

	AJE	INC	N LLC N	NIST ATP
6335 - frozencpu.com	0.00	0.00	0.00	845.83
6337 - General Computer	0.00	0.00	0.00	97,997.14
6338 - Pacific Data Storage	0.00	0.00	0.00	1,429.00
6339 - Ricoh	0.00	0.00	0.00	8,019.57
6341 - SGI Developers	0.00	0.00	0.00	295.00
6342 - Silicon City	0.00	1,000.00	0.00	93,064.55
6343 - Silicon Graphics	0.00	0.00	0.00	45,265.35
6344 - Vision Shape	0.00	0.00	0.00	6,643.25
6345 - YC Cable	0.00	0.00	0.00	210.00
6346 - In Kind Computer Equipment	0.00	0.00	0.00	0.00
6330 - Research and Development - Other	0.00	0.00	0.00	2,128.51
Total 6330 - Research and Development	0.00	1,000.00	0.00	260,143.29
6349 - Stationery	0.00	320.47	0.00	195.77
6350 - Payroll Taxes				
6351 - FICA	-1,229.23	0.00	0.00	19,488.28
6352 - Medicare	-330.24	0.00	0.00	5,132.19
6353 - FUTA	0.00	0.00	0.00	617.11
6354 - NYSUI	0.00	0.00	0.00	1,942.25
6356 - NJ Disability	0.00	0.00	0.00	404.70
6357 - NJ UI	0.00	0.00	0.00	1,024.80
6359 - Penalties and Late Fees	0.00	0.00	0.00	29.01
Total 6350 - Payroll Taxes	-1,559.47	0.00	0.00	28,638.34
6360 - Taxes				
6361 - NY Corporation Tax	0.00	800.00	0.00	0.00
Total 6360 - Taxes	0.00	800.00	0.00	0.00
6370 - Travel				
6371 - Airfare	0.00	0.00	0.00	100.00
6372 - Hotel	0.00	0.00	0.00	160.21
6373 - Meals	0.00	0.00	29.60	2,923.31
6374 - Misc Travel	0.00	0.00	0.00	224.93
6375 - Taxi	0.00	100.00	62.50	627.25
6376 - Train	0.00	0.00	0.00	14.75
6377 - Transit Check	0.00	0.00	0.00	599.60
6370 - Travel - Other	0.00	0.00	0.00	431.40
Total 6370 - Travel	0.00	100.00	92.10	5,081.45
6379 - Tuition Reimbursement	0.00	0.00	0.00	1,330.35
6380 - Utilities	0.00	7,639.04	0.00	1,568.00
Total Expense	18,440.53	113,442.56	94.10	818,729.80
Net Ordinary Income	-18,440.53	-113,442.56	0.00	-15,522.29
Other Income/Expense				
Other Expense				

EXP
N

EXP
N

BAC ISI

CASI ENTITIES
KA-809
Profit & Loss by Class
October 2001 through September 2002

	AJE	INC	N LLC N	NIST ATP
6500 · Payroll Clearing Account				
6504 · Debits Net Payroll Clearing Acc	0.00	9,259.62	0.00	128,118.29
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	0.00	-137,377.91
Total 6500 · Payroll Clearing Account	0.00	9,259.62	0.00	-9,259.62
7000 · Bank Transfer				
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	0.00	-20,600.00
7002 · CASI Co-Funding to NIST ATP	0.00	20,600.00	0.00	0.00
7005 · From 8735 to INC IN	0.00	-94,376.00	0.00	0.00
7006 · From 8735 TO INC OUT	0.00	0.00	0.00	94,376.00
7009 · FROM INC TO 8735 IN	0.00	0.00	0.00	-60,000.00
7010 · FROM INC TO 8735 OUT	0.00	60,000.00	0.00	0.00
Total 7000 · Bank Transfer	0.00	-13,776.00	0.00	13,776.00
Total Other Expense	0.00	-4,516.38	0.00	4,516.38
Net Other Income	0.00	4,516.38	0.00	-4,516.38
Net Income	-18,440.53	-108,926.18	0.00	-20,038.67

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CASI ENTITIES
Profit & Loss by Class
October 2001 through September 2002

	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense			
Income			
4000 · Income			
4010 · Reimbursed Expense Income	0.00	0.00	207.51
4013 · Co-Funding via Out of Pocket	1,371.72	0.00	1,465.82
4014 · Co-Funding via Mastercard	25,735.95	0.00	25,735.95
4015 · In-Kind Equipment Contribution	30,000.00	0.00	30,000.00
4020 · NIST ATP Income	0.00	0.00	800,000.00
4712 · FROM DBKTO NIST A/C 1010	0.00	0.00	3,000.00
4912 · DBK For NIST ATP	17,795.00	0.00	17,795.00
Total 4000 · Income	<u>N 74,902.67</u>	<u>0.00</u>	<u>878,204.28</u>
Total Income	74,902.67	0.00	878,204.28
Expense			
5000 · AE-Accounting			
5001 · AE-Jill Feldman CPA	0.00	0.00	1,000.00
Total 5000 · AE-Accounting	0.00	0.00	1,000.00
5002 · AE-Airfare			
5004 · AE-American West	0.00	0.00	316.00
5005 · AE-Expedia	0.00	0.00	956.50
5006 · AE-Jetblue	0.00	0.00	280.00
Total 5002 · AE-Airfare	0.00	0.00	1,552.50
5007 · AE-Auto			
5009 · AE-Central Parking	0.00	0.00	25.00
5010 · AE-Edison Parking	0.00	0.00	68.00
5011 · AE-Gas	0.00	0.00	182.49
Total 5007 · AE-Auto	0.00	0.00	275.49
5123 · AE-Books			
5125 · AE-Barnes & Noble	0.00	0.00	18.40
5126 · AE-Borders Books	0.00	0.00	48.66
5128 · AE-IEEE Books	0.00	0.00	193.48
Total 5123 · AE-Books	0.00	0.00	260.54
5138 · AE-Dues and Subscriptions	0.00	0.00	1,026.48
5139 · AE-Finance Charge	0.00	0.00	4.37
5140 · AE-Hardware			
5141 · AE-3D.FX Cool	0.00	0.00	86.30
5143 · AE-ADOBE.Com	0.00	0.00	767.39
5145 · AE-BikBox	0.00	0.00	1,014.43
5157 · AE-Datavision	0.00	0.00	4,316.84
5158 · AE-Digital River	0.00	0.00	180.82
5161 · AE-Electrical Supply	0.00	0.00	571.70
5165 · AE-GL Video	0.00	0.00	335.00

N LCN 94
NISTATP 803,207
NN CoF 74,903
878,204

BAC 153

CASI ENTITIES
Profit & Loss by Class
 October 2001 through September 2002

	NN CO FUNDING	RENT	TOTAL
5168 · AE-IBM Direct	0.00	0.00	1,111.73
5169 · AE-J&R Sound	0.00	0.00	243.53
5171 · AE-Lumberland	0.00	0.00	9.90
5173 · AE-Projector People	0.00	0.00	199.00
5174 · AE-Rackit Technology	0.00	0.00	1,366.00
5176 · AE-Sub Zero Technology	0.00	0.00	89.35
5178 · AE-Wacom Technology	0.00	0.00	171.29
5180 · AE-Winzip	0.00	0.00	29.00
5140 · AE-Hardware - Other	0.00	0.00	310.57
Total 5140 · AE-Hardware	0.00	0.00	10,802.85
5189 · AE-Hotel	0.00	0.00	2,282.80
5190 · AE-Installation			
5192 · AE-Homefront Hardware	0.00	0.00	2,672.03
5193 · AE-Jensen Tools	0.00	0.00	1,161.01
5190 · AE-Installation - Other	0.00	0.00	111.87
Total 5190 · AE-Installation	0.00	0.00	3,944.91
5200 · AE-Internet			
5203 · AE-Experia	0.00	0.00	331.25
5200 · AE-Internet - Other	0.00	0.00	0.00
Total 5200 · AE-Internet	0.00	0.00	331.25
5210 · AE-Meals	0.00	0.00	1,433.23
5220 · AE-Office			
5222 · AE-Coffee Distributing	0.00	0.00	407.93
5226 · AE-Office Depot	0.00	0.00	2,939.06
5227 · AE-Office Max	0.00	0.00	28.20
5229 · AE-Radio Shack	0.00	0.00	185.60
5231 · AE-Staples	0.00	0.00	1,029.35
5220 · AE-Office - Other	0.00	0.00	366.50
Total 5220 · AE-Office	0.00	0.00	4,956.64
5260 · AE-Phone			
5265 · AE-Sprint	0.00	0.00	-310.00
5266 · AE-Telephone	0.00	0.00	234.30
5260 · AE-Phone - Other	0.00	0.00	127.00
Total 5260 · AE-Phone	0.00	0.00	51.30
5270 · AE-Postage			
5275 · AE-USPS	0.00	0.00	279.43
Total 5270 · AE-Postage	0.00	0.00	279.43
5280 · AE-Repairs	0.00	0.00	46.16
5290 · AE-Seminar			
5292 · AE-SIAM Math Society	0.00	0.00	500.00

BAC 154

CASI ENTITIES
KA-812
Profit & Loss by Class
October 2001 through September 2002

	NN CO FUNDING	RENT	TOTAL
Total 5290 · AE-Seminar	0.00	0.00	500.00
5299 · AE-Software			
5300 · AE-Buy Up Time	0.00	0.00	799.49
5303 · AE-Eacceleration	0.00	0.00	36.00
5306 · AE-GetInfo.Com	0.00	0.00	15.63
5307 · AE-Iris Inc.	0.00	0.00	68.94
5308 · AE-Jasc Software	0.00	0.00	19.00
5310 · AE-McAfee	0.00	0.00	72.69
5312 · AE-Quickbooks	0.00	0.00	1,227.90
5314 · AE-Regsoft	0.00	0.00	97.89
5316 · AE-Roxio	0.00	0.00	105.90
5317 · AE-Runtime	0.00	0.00	159.00
5319 · AE-Tehalchemy	0.00	0.00	34.95
5320 · AE-Visioneer	0.00	0.00	44.94
5321 · AE-WNT.Reg.Net	0.00	0.00	57.90
5299 · AE-Software - Other	0.00	0.00	554.31
Total 5299 · AE-Software	0.00	0.00	3,294.54
5350 · AE-Tech			
5351 · AE-Time Motion Tools	0.00	0.00	104.55
5352 · Microsoft	0.00	0.00	245.00
Total 5350 · AE-Tech	0.00	0.00	349.55
5360 · AE-Tools			
5361 · AE-Micro Mark	0.00	0.00	139.95
5362 · AE-Tecra Tools	0.00	0.00	247.30
Total 5360 · AE-Tools	0.00	0.00	387.25
5369 · AE-Travel			
5371 · AE-Luggage Carts	0.00	0.00	4.00
5372 · AE-Metrocard	0.00	0.00	90.00
5373 · AE-Taxi and Limousine	0.00	0.00	50.00
5374 · AE-Train	0.00	0.00	1,589.00
Total 5369 · AE-Travel	0.00	0.00	1,733.00
6000 · Accounting			
6003 · Jill Feldman CPA	500.00	0.00	5,500.00
6004 · Joan Hayes CPA	0.00	0.00	2,090.00
6005 · Ken Jackson	0.00	0.00	3,280.00
Total 6000 · Accounting	500.00	0.00	10,870.00
6010 · Auto			
6011 · Auto Rental	0.00	0.00	1,848.22
6012 · Exxon	0.00	0.00	49.30
6013 · Gas	0.00	0.00	56.64
6014 · Mobil	0.00	0.00	63.91

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Accrual Basis

CASI ENTITIES
KA-813 Profit & Loss by Class
October 2001 through September 2002

	NN CO FUNDING	RENT	TOTAL
6015 · Parking	0.00	0.00	1,095.50
6016 · Sunoco	0.00	0.00	43.40
6017 · Tolls	0.00	0.00	507.15
Total 6010 · Auto	0.00	0.00	3,664.12
6018 · Bank Charges	0.00	0.00	45.54
6019 · Books	0.00	0.00	464.80
6020 · Communications			
6021 · ATT	0.00	0.00	261.94
6022 · Cable	0.00	0.00	885.66
6025 · MCI	0.00	0.00	546.74
6026 · RCN	0.00	0.00	524.01
6027 · Reimbursed Telephone	0.00	0.00	344.00
6028 · Skytel	0.00	0.00	855.92
6030 · Thorn	0.00	0.00	1,376.77
6032 · Verizon	0.00	0.00	2,135.35
6034 · Voicemail Wireless	0.00	0.00	229.43
6035 · Vz Wireless	0.00	0.00	272.93
6036 · Webworqs	0.00	0.00	4,000.00
Total 6020 · Communications	0.00	0.00	11,432.75
6040 · Computer Installation			
6041 · Columbia	0.00	0.00	589.96
6043 · Figlia & Sons	0.00	0.00	1,995.00
6044 · Homefront Hardware	0.00	0.00	29.00
6045 · Klips Bay Hardware	0.00	0.00	70.27
6046 · Metro Solar	0.00	0.00	1,000.00
Total 6040 · Computer Installation	0.00	0.00	3,684.23
6050 · Conference	0.00	0.00	1,570.00
6051 · Depreciation	0.00	0.00	10,489.00
6052 · Domain Name	0.00	0.00	70.00
6053 · Dues and Subscriptions	0.00	0.00	191.06
6060 · Employee Benefits			
6061 · Arista	0.00	0.00	3,104.35
6062 · Childcare Services - Rosalie Me	0.00	0.00	1,835.00
6063 · Drugs	0.00	0.00	3,714.80
6064 · Gym Membership	0.00	0.00	1,143.46
6065 · Horizon	0.00	0.00	888.54
6066 · Medical Reimbursed	17,295.00	0.00	37,314.60
6067 · Oxford Health	0.00	0.00	13,206.70
Total 6060 · Employee Benefits	17,295.00	0.00	61,207.45
6090 · Equipment Repairs	0.00	0.00	424.34
6091 · Finance Charge	0.00	0.00	8.75
6092 · Honorarium	0.00	0.00	1,042.05
6093 · Insurance	0.00	0.00	925.37

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CASI ENTITIES
Profit & Loss by Class
 October 2001 through September 2002

	NN CO FUNDING	RENT	TOTAL
6100 - Legal			
6102 - Frederica Miller ESQ	0.00	0.00	16,000.00
6106 - Pennie & Edmonds	0.00	0.00	9,404.13
6109 - Solomon & Bernstein	0.00	0.00	11,800.00
Total 6100 - Legal	0.00	0.00	37,204.13
6120 - Miscellaneous	0.00	0.00	167.29
6122 - NG Check	0.00	0.00	0.00
6130 - Office	0.00	0.00	433.27
6150 - Outside Service			
6151 - Abe Karron	0.00	0.00	1,000.00
6152 - Advanced Technology Group	0.00	0.00	69,000.00
6155 - D. Ferrand	0.00	0.00	4,619.00
6157 - George Wolberg PhD	0.00	0.00	38,898.99
6158 - James Cox o/s	0.00	0.00	33,930.00
6161 - Radio Logic	0.00	0.00	100.00
6162 - Scott Albin	0.00	0.00	2,000.00
Total 6150 - Outside Service	0.00	0.00	149,547.99
6170 - Paypal Payments	0.00	0.00	329.75
6175 - Postage & Delivery	0.00	0.00	830.45
6178 - Repairs			
6180 - General	0.00	0.00	173.10
6178 - Repairs - Other	0.00	0.00	75.00
Total 6178 - Repairs	0.00	0.00	248.10
6189 - Rent			
6191 - Rent for 2001	0.00	33,000.00	33,000.00
6192 - Rent for 2002	0.00	16,000.00	18,000.00
Total 6189 - Rent	0.00	49,000.00	51,000.00
6300 - Payroll Expenses			
6301 - Scott Albin emp	0.00	0.00	4,950.00
6304 - James L. Cox emp	0.00	0.00	5,200.00
6305 - Elisha Gurfein	0.00	0.00	100,000.95
6306 - D.B. Karron	0.00	0.00	184,252.72
6307 - Charles La Salla	0.00	0.00	19,800.00
6308 - Regner M. Peralta	0.00	0.00	1,312.50
6310 - Matthew Rothman	0.00	0.00	3,405.00
6311 - Robert G. Wine	0.00	0.00	3,520.00
6314 - Nicholee A. Wynter	0.00	0.00	9,348.75
Total 6300 - Payroll Expenses	0.00	0.00	331,789.92
6330 - Research and Development			
6331 - American Advanced Power	0.00	0.00	215.00
6332 - American Media Systems	0.00	0.00	1,180.09
6334 - E MAG	0.00	0.00	2,850.00

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CASI ENTITIES
Profit & Loss by Class
October 2001 through September 2002

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	NN CO FUNDING	RENT	TOTAL
6335 · frozencpu.com	0.00	0.00	845.83
6337 · General Computer	0.00	0.00	97,997.14
6338 · Pacific Data Storage	0.00	0.00	1,429.00
6339 · Ricoh	0.00	0.00	8,019.57
6341 · SGI Developers	0.00	0.00	295.00
6342 · Silicon City	0.00	0.00	94,064.55
6343 · Silicon Graphics	0.00	0.00	45,265.35
6344 · Vision Shape	0.00	0.00	6,643.25
6345 · YC Cable	0.00	0.00	210.00
6346 · In Kind Computer Equipment	30,000.00	0.00	30,000.00
6330 · Research and Development - Other	0.00	0.00	2,128.51
Total 6330 · Research and Development	30,000.00	0.00	291,143.29
6349 · Stationery	0.00	0.00	516.24
6350 · Payroll Taxes			
6351 · FICA	0.00	0.00	18,259.05
6352 · Medicare	0.00	0.00	4,801.95
6353 · FUTA	0.00	0.00	617.11
6354 · NYSUI	0.00	0.00	1,942.25
6356 · NJ Disability	0.00	0.00	404.70
6357 · NJ UI	0.00	0.00	1,024.80
6359 · Penalties and Late Fees	0.00	0.00	29.01
Total 6350 · Payroll Taxes	0.00	0.00	27,078.87
6360 · Taxes			
6361 · NY Corporation Tax	0.00	0.00	800.00
Total 6360 · Taxes	0.00	0.00	800.00
6370 · Travel			
6371 · Airfare	0.00	0.00	100.00
6372 · Hotel	0.00	0.00	160.21
6373 · Meals	0.00	0.00	2,952.91
6374 · Misc Travel	0.00	0.00	224.93
6375 · Taxi	0.00	0.00	789.75
6376 · Train	0.00	0.00	14.75
6377 · Transit Check	0.00	0.00	599.60
6370 · Travel - Other	0.00	0.00	431.40
Total 6370 · Travel	0.00	0.00	5,273.55
6379 · Tuition Reimbursement	0.00	0.00	1,330.35
6380 · Utilities	0.00	0.00	9,207.04
Total Expense	47,795.00	49,000.00	1,047,501.99
Net Ordinary Income	27,107.67	-49,000.00	-169,297.71
Other Income/Expense			
Other Expense			

EXP

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EXP
N L L E N 94
N I S T A T P 818,729
NN 47,795
866618
19,353
885971
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Page 13

GASI ENTITIES
KA-816
Profit & Loss by Class
October 2001 through September 2002

	NN CO FUNDING	RENT	TOTAL
6500 · Payroll Clearing Account			
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	137,377.91
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	-137,377.91
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00
7000 · Bank Transfer			
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	-20,600.00
7002 · CASI Co-Funding to NIST ATP	0.00	0.00	20,600.00
7005 · From 8735 to INC IN	0.00	0.00	-94,376.00
7006 · From 8735 TO INC OUT	0.00	0.00	94,376.00
7009 · FROM INC TO 8735 IN	0.00	0.00	-60,000.00
7010 · FROM INC TO 8735 OUT	0.00	0.00	60,000.00
Total 7000 · Bank Transfer	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00
Net Income	27,107.67	-49,000.00	-169,297.71

BAC 159

KA-817

KA-817

KA-817

C

SF 269 A FPE 12/31/03

BAC 160 to BAC 234

SF 269 A Quarterly Reports

10/01/02
to
12/31/03
KA-818

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	Cummulative Year Ending 9/30/02	Quarter Ending 12/31/02	Adjustments and Reversals 12/31/02	Fifteen Months Cummulative 12/31/02	Quarter Ending 3/31/03	Adjustments and Reversals 3/31/03	Eighteen Months Cummulative 3/31/03	Quarter Ending 6/30/03	Adjustments and Reversals 6/30/03	Twenty-One Months Cummulative 6/30/03	Six Months Ending 12/31/03	Adjustments and Reversals 12/31/03	Twenty-Seven Months Cummulative 12/31/03
MONIES SPENT													
Excel by Class NIST ATP	818,730	229,098		1,047,828	107,857		1,155,685	172,862		1,328,547	3,506		1,331,603
Excel By Class N LLC N	84	524		618	0		618	1,810		2,428	20,879		23,407
NN Co Funding In Kind	17,795 30,000	2,270		20,065 30,000	250		20,315 30,000	5,295		25,610 30,000			25,610 30,000
Plus Less													
January 2003 Disbursements Jan 2003 Payroll & PR Taxes		32,978 (25,865)		32,978 (25,865)		(32,978) 25,665	0 0						
Plus Less													
April 2003 Cash Disbursements Apr 2003 Payroll & PR Taxes				0 0		65,943 (27,016)	65,943 (27,016)		(65,943) 27,016	0 0			0 0
Plus Less													
July 2003 Disbursements June DB Karon Payroll				0 0		0 0	0 0		11,066 0	11,066 0	(11,066)		0 0
Plus Less													
July 2003 Payroll & PR Taxes				0 0			0 0		(1,583) (1,583)	(1,583) (1,583)	1,583		0 0
Plus Less													
October 2002 Disbursements Oct 2002 Payroll & PR Taxes	43,778 (24,425)		(43,778) 24,425	0 0						0 0			0 0
General Computer													
Credit Terms Feb 2003 Cash Disbursements		744		744		(744)	0			0			0
May 2003 CD Aug CD							0 0			0 0			0 0
DBK Salary Annual 184,252 Rent reported on 1040 T/R							0 0			0 0			0 0
TOTAL MONIES SPENT	885,972	239,948	(19,353)	1,106,568	107,857	30,870	1,245,295	179,767	(29,444)	1,395,618	15,001	0	1,410,620
MONIES REC'D													
4020 Monies Received from NIST	800,000	252,000		1,052,000	120,000		1,172,000	173,500		1,345,500			1,345,500
4010 Reimbursed Expenses	208			208			208			208			208
4013 Out of pocket	1,466	523		1,989			1,989	1,810		3,799			3,799
4014 Mastercard Co Funding	25,735	3,580		29,285	6,302		35,587	425		36,022			36,022
4015 In Kind Funding	30,000			30,000			30,000			30,000			30,000
4709 FROM DBK TO A/C 1030	0			0	100		100	1,000		1,100			1,100
4711 FROM DBK TO A/C 1020	0			0	1,000		1,000	0		1,000	71,000		72,000
4712 FROM DBK TO A/C 1010	3,000			3,000			3,000			3,000			3,000
4812 DBK for NIST ATP	17,795	2,270		20,065	250		20,315	5,295		25,610			25,610
TOTAL MONIES REC'D	878,204	258,353	0	1,136,557	127,652	0	1,264,209	182,030	0	1,446,239	71,000	0	1,517,239
More money spent difference	7,768												
More money received difference				29,989			18,914			50,621			106,619
NIST ATP	800,000			1,052,000			1,172,000			1,345,500			1,345,500
Co Funding	78,204			84,857			71,894			100,739			171,739
RECONCILIATION													
Proof by Class													
By Class Page 9 of 16							(1,345,500)						
By Class Page 9 of 16													
By Class Page 16 of 16	23,407												
By Class Page 16 of 16	1,331,603												
By Class Page 16 of 16	55,610												
4010 By Class Page 9							(208)						
4013 By Class Page 1							(2,428)						
4013 By Class Page 9							(1,372)						
4014 By Class Page 9							(36,022)						
4015 By Class Page 9							(30,000)						
4709 By Class Page 1							(1,100)						
4711 By Class Page 1							(72,000)						
4712 By Class Page 9							(3,000)						
4713 By Class Page 9							(25,610)						
By Class Page 15 of 16							(101,710)						
	1,410,619			1,410,619			(1,517,240)						
				106,621									
				1,517,240									

BAC 160

CASI ENTITIES
KA-819
Profit & Loss by Class
October through December 2002

	AJE	INC	LLC	N LLC N	NIST ATP
Ordinary Income/Expense					
Income					
4000 - Income					
4010 - Reimbursed Expense Income	0.00	510.82	0.00	0.00	0.00
4013 - Co-Funding via Out of Pocket	0.00	0.00	0.00	523.52	0.00
4014 - Co-Funding via Mastercard	0.00	0.00	0.00	0.00	0.00
4020 - NIST ATP Income	0.00	0.00	0.00	0.00	252,000.00
4912 - DBK For NIST ATP	0.00	0.00	0.00	0.00	0.00
Total 4000 - Income	0.00	510.82	0.00	N 523.52	N 252,000.00
Total Income	0.00	510.82	0.00	523.52	252,000.00
Expense					
5007 - AE-Auto					
5009 - AE-Central Parking	0.00	0.00	0.00	0.00	25.00
5007 - AE-Auto - Other	0.00	0.00	0.00	0.00	4.00
Total 5007 - AE-Auto	0.00	0.00	0.00	0.00	29.00
5138 - AE-Dues and Subscriptions	0.00	0.00	0.00	0.00	41.85
5140 - AE-Hardware					
5157 - AE-Datavision	0.00	0.00	0.00	0.00	2,830.87
5159 - AE-Dymo Corp.	0.00	0.00	0.00	0.00	159.55
5161 - AE-Electrical Supply	0.00	0.00	0.00	0.00	1,114.65
5170 - AE-Kips Bay Hardware	0.00	0.00	0.00	0.00	46.98
Total 5140 - AE-Hardware	0.00	0.00	0.00	0.00	4,152.05
5189 - AE-Hotel	0.00	0.00	0.00	0.00	77.76
5190 - AE-Installation					
5192 - AE-Homefront Hardware	0.00	0.00	0.00	0.00	476.34
5190 - AE-Installation - Other	0.00	0.00	0.00	0.00	140.29
Total 5190 - AE-Installation	0.00	0.00	0.00	0.00	616.63
5210 - AE-Meals	0.00	0.00	0.00	0.00	1,082.83
5220 - AE-Office					
5222 - AE-Coffee Distributing	0.00	0.00	0.00	0.00	116.62
5226 - AE-Office Depot	0.00	0.00	0.00	0.00	1,411.23
5229 - AE-Radio Shack	0.00	0.00	0.00	0.00	158.90
5220 - AE-Office - Other	0.00	0.00	0.00	0.00	741.54
Total 5220 - AE-Office	0.00	0.00	0.00	0.00	2,428.29
5260 - AE-Phone					
5265 - AE-Sprint	0.00	0.00	0.00	0.00	0.00
Total 5260 - AE-Phone	0.00	0.00	0.00	0.00	0.00
5270 - AE-Postage					
5275 - AE-USPS	0.00	0.00	0.00	0.00	190.10

BAC 161

CASI ENTITIES
KA-820
Profit & Loss by Class
October through December 2002

	AJE	INC	LLC	N LLC N	NIST ATP
Total 5270 · AE-Postage	0.00	0.00	0.00	0.00	190.10
5299 · AE-Software					
5318 · AE-Software for Science	0.00	0.00	0.00	0.00	258.00
5299 · AE-Software - Other	0.00	0.00	0.00	0.00	32.48
Total 5299 · AE-Software	0.00	0.00	0.00	0.00	290.48
5369 · AE-Travel					
5374 · AE-Train	0.00	0.00	0.00	0.00	39.00
5369 · AE-Travel - Other	0.00	0.00	0.00	0.00	86.59
Total 5369 · AE-Travel	0.00	0.00	0.00	0.00	125.59
6000 · Accounting					
6004 · Joan Hayes CPA	0.00	0.00	0.00	0.00	8,125.00
6005 · Ken Jackson	0.00	0.00	0.00	0.00	8,560.00
Total 6000 · Accounting	0.00	0.00	0.00	0.00	16,685.00
6010 · Auto					
6011 · Auto Rental	0.00	0.00	0.00	0.00	139.85
6012 · Exxon	0.00	0.00	0.00	0.00	244.66
6013 · Gas	0.00	0.00	0.00	0.00	41.01
6015 · Parking	0.00	0.00	0.00	20.00	0.00
6016 · Sunoco	0.00	0.00	0.00	0.00	83.83
6017 · Tolls	0.00	0.00	0.00	107.15	3.50
Total 6010 · Auto	0.00	0.00	0.00	127.15	512.85
6018 · Bank Charges	0.00	39.65	0.00	0.00	50.00
6019 · Books	0.00	0.00	0.00	0.00	504.03
6020 · Communications					
6021 · ATT	0.00	0.00	0.00	0.00	58.80
6022 · Cable	0.00	0.00	0.00	0.00	448.00
6025 · MCI	0.00	0.00	0.00	0.00	140.55
6026 · RCN	0.00	0.00	0.00	0.00	426.93
6028 · Skytel	0.00	0.00	0.00	0.00	207.28
6030 · Thorn	0.00	0.00	0.00	0.00	2,062.41
6031 · TTMobile	0.00	0.00	0.00	0.00	199.95
6032 · Verizon	0.00	0.00	0.00	0.00	1,151.52
6034 · Voicestream Wireless	0.00	0.00	0.00	0.00	39.64
6035 · Vz Wireless	0.00	0.00	0.00	0.00	81.04
6036 · Webworqs	0.00	0.00	0.00	0.00	600.00
Total 6020 · Communications	0.00	0.00	0.00	0.00	5,416.12
6040 · Computer Installation					
6044 · Homefront Hardware	0.00	0.00	0.00	0.00	3,615.52
6046 · Metro Solar	0.00	0.00	0.00	0.00	1,040.00
6047 · Mistretta Electric	0.00	0.00	0.00	0.00	5,400.00

BAC 162

GAS ENTITIES
KA-821
Profit & Loss by Class
October through December 2002

	AJE	INC	LLC	N LLC N	NIST ATP
Total 6040 · Computer Installation	0.00	0.00	0.00	0.00	10,055.52
6050 · Conference	0.00	0.00	0.00	0.00	540.00
6051 · Depreciation	0.00	0.00	2,797.00	0.00	0.00
6053 · Dues and Subscriptions	0.00	0.00	0.00	0.00	59.95
6060 · Employee Benefits					
6062 · Childcare Services - Rosalie Me	0.00	0.00	0.00	0.00	900.00
6063 · Drugs	0.00	0.00	0.00	0.00	1,056.93
6064 · Gym Membership	0.00	0.00	0.00	0.00	531.50
6066 · Medical Reimbursed	0.00	0.00	0.00	0.00	1,405.00
6067 · Oxford Health	0.00	0.00	0.00	0.00	3,253.00
Total 6060 · Employee Benefits	0.00	0.00	0.00	0.00	7,146.43
6090 · Equipment Repairs	0.00	-105.00	0.00	0.00	0.00
6093 · Insurance	0.00	0.00	0.00	0.00	892.40
6100 · Legal					
6103 · LLBL	0.00	0.00	0.00	0.00	352.60
6106 · Pennie & Edmonds	0.00	0.00	0.00	0.00	671.15
6109 · Solomon & Bernstein	0.00	0.00	0.00	0.00	150.00
Total 6100 · Legal	0.00	0.00	0.00	0.00	1,173.75
6120 · Miscellaneous	0.00	0.00	0.00	0.00	0.10
6130 · Office	0.00	0.00	0.00	0.00	171.21
6150 · Outside Service					
6152 · Advanced Technology Group	0.00	0.00	0.00	0.00	2,000.00
6153 · Axiom Systems	0.00	0.00	0.00	0.00	400.00
6154 · Bator Bintor	0.00	0.00	0.00	0.00	2,983.32
6155 · D. Ferrand	0.00	0.00	0.00	0.00	1,600.00
6157 · George Wolberg PhD	0.00	0.00	0.00	0.00	2,000.00
6159 · Jane Laylor	0.00	0.00	0.00	0.00	161.00
6160 · Peter Ross	0.00	0.00	0.00	0.00	1,172.64
6163 · Valley of the Mage Consulting	0.00	0.00	0.00	0.00	1,000.00
Total 6150 · Outside Service	0.00	0.00	0.00	0.00	11,316.96
6175 · Postage & Delivery	0.00	0.00	0.00	0.00	209.86
6178 · Repairs					
6180 · General	0.00	0.00	0.00	0.00	46.95
6178 · Repairs - Other	0.00	0.00	0.00	100.00	0.00
Total 6178 · Repairs	0.00	0.00	0.00	100.00	46.95
6189 · Rent					
6192 · Rent for 2002	0.00	0.00	0.00	0.00	0.00
Total 6189 · Rent	0.00	0.00	0.00	0.00	0.00
6300 · Payroll Expenses					
6303 · S.W. Bothwick	0.00	0.00	0.00	0.00	780.00
6304 · James L. Cox emp	0.00	0.00	0.00	0.00	15,600.00

BAC 163

CAS ENTITIES
KA-822
Profit & Loss by Class
October through December 2002

	AJE	INC	LLC	N LLC N	NIST ATP
6306 · D.B. Karron	0.00	0.00	0.00	0.00	75,717.00
6307 · Charles La Salla	0.00	0.00	0.00	0.00	1,020.00
6308 · Regner M. Peralta	0.00	0.00	0.00	0.00	3,555.00
6309 · Peter Ross	0.00	0.00	0.00	0.00	3,636.00
6310 · Matthew Rothman	0.00	0.00	0.00	0.00	9,757.50
6314 · Nicholee A. Wynter	0.00	0.00	0.00	0.00	5,272.50
Total 6300 · Payroll Expenses	0.00	0.00	0.00	0.00	115,338.00
6330 · Research and Development					
6337 · General Computer	0.00	0.00	0.00	0.00	4,883.00
6339 · Ricoh	0.00	0.00	0.00	0.00	500.00
6340 · Server Technology	0.00	0.00	0.00	0.00	1,000.00
6342 · Silicon City	0.00	0.00	0.00	0.00	21,838.57
6343 · Silicon Graphics	0.00	0.00	0.00	0.00	8,828.19
6330 · Research and Development - Other	0.00	0.00	0.00	0.00	235.97
Total 6330 · Research and Development	0.00	0.00	0.00	0.00	37,285.73
6349 · Stationery	0.00	0.00	0.00	0.00	390.48
6350 · Payroll Taxes					
6351 · FICA	1,397.88	0.00	0.00	0.00	2,483.51
6352 · Medicare	0.00	0.00	0.00	0.00	1,672.41
6353 · FUTA	0.00	0.00	0.00	0.00	134.70
6354 · NYSUI	0.00	0.00	0.00	0.00	666.91
6359 · Penalties and Late Fees	0.00	0.00	0.00	0.00	146.07
Total 6350 · Payroll Taxes	1,397.88	0.00	0.00	0.00	5,103.60
6370 · Travel					
6371 · Airfare	0.00	0.00	0.00	0.00	797.00
6372 · Hotel	0.00	0.00	0.00	0.00	1,130.10
6373 · Meals	0.00	0.00	0.00	127.45	623.39
6375 · Taxi	0.00	0.00	0.00	168.92	278.00
6376 · Train	0.00	0.00	0.00	0.00	127.40
6377 · Transit Check	0.00	0.00	0.00	0.00	405.12
Total 6370 · Travel	0.00	0.00	0.00	296.37	3,361.01
6379 · Tuition Reimbursement	0.00	0.00	0.00	0.00	1,907.85
6380 · Utilities	0.00	899.07	0.00	0.00	1,895.98
Total Expense	1,397.88	833.72	2,797.00	EXP 523.52	EXP 229,098.36
Net Ordinary Income	-1,397.88	-322.90	-2,797.00	0.00	22,901.64
Other Income/Expense					
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	0.00	0.00	66,515.49
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	0.00	0.00	-66,515.49

CASI ENTITIES
KA-823
Profit & Loss by Class
October through December 2002

	AJE	INC	LLC	N LLC N	NIST ATP
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer					
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	0.00	0.00	-11,700.00
7002 · CASI Co-Funding to NIST ATP	0.00	11,700.00	0.00	0.00	0.00
Total 7000 · Bank Transfer	0.00	11,700.00	0.00	0.00	-11,700.00
Total Other Expense	0.00	11,700.00	0.00	0.00	-11,700.00
Net Other Income	0.00	-11,700.00	0.00	0.00	11,700.00
Net Income	-1,397.88	-12,022.90	-2,797.00	0.00	34,601.64

CASI ENTITIES
KA-824
Profit & Loss by Class
October through December 2002

	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense			
Income			
4000 · Income			
4010 · Reimbursed Expense Income	0.00	0.00	510.82
4013 · Co-Funding via Out of Pocket	0.00	0.00	523.52
4014 · Co-Funding via Mastercard	3,559.55	0.00	3,559.55
4020 · NIST ATP Income	0.00	0.00	252,000.00
4912 · DBK For NIST ATP	2,270.00	0.00	2,270.00
Total 4000 · Income	N 5,829.55	0.00	258,863.89
Total Income	5,829.55	0.00	258,863.89
Expense			
5007 · AE-Auto			
5009 · AE-Central Parking	0.00	0.00	25.00
5007 · AE-Auto - Other	0.00	0.00	4.00
Total 5007 · AE-Auto	0.00	0.00	29.00
5138 · AE-Dues and Subscriptions	0.00	0.00	41.85
5140 · AE-Hardware			
5157 · AE-Datavision	0.00	0.00	2,830.87
5159 · AE-Dymo Corp.	0.00	0.00	159.55
5161 · AE-Electrical Supply	0.00	0.00	1,114.65
5170 · AE-Kips Bay Hardware	0.00	0.00	46.98
Total 5140 · AE-Hardware	0.00	0.00	4,152.05
5189 · AE-Hotel	0.00	0.00	77.76
5190 · AE-Installation			
5192 · AE-Homefront Hardware	0.00	0.00	476.34
5190 · AE-Installation - Other	0.00	0.00	140.29
Total 5190 · AE-Installation	0.00	0.00	616.63
5210 · AE-Meals	0.00	0.00	1,082.83
5220 · AE-Office			
5222 · AE-Coffee Distributing	0.00	0.00	116.62
5226 · AE-Office Depot	0.00	0.00	1,411.23
5229 · AE-Radio Shack	0.00	0.00	158.90
5220 · AE-Office - Other	0.00	0.00	741.54
Total 5220 · AE-Office	0.00	0.00	2,428.29
5260 · AE-Phone			
5265 · AE-Sprint	0.00	0.00	0.00
Total 5260 · AE-Phone	0.00	0.00	0.00
5270 · AE-Postage			
5275 · AE-USPS	0.00	0.00	190.10

CAS ENTITIES
KA-825
Profit & Loss by Class
October through December 2002

	NN CO FUNDING	RENT	TOTAL
Total 5270 · AE-Postage	0.00	0.00	190.10
5299 · AE-Software			
5318 · AE-Software for Science	0.00	0.00	258.00
5299 · AE-Software - Other	0.00	0.00	32.48
Total 5299 · AE-Software	0.00	0.00	290.48
5369 · AE-Travel			
5374 · AE-Train	0.00	0.00	39.00
5369 · AE-Travel - Other	0.00	0.00	86.59
Total 5369 · AE-Travel	0.00	0.00	125.59
6000 · Accounting			
6004 · Joan Hayes CPA	0.00	0.00	8,125.00
6005 · Ken Jackson	0.00	0.00	8,560.00
Total 6000 · Accounting	0.00	0.00	16,685.00
6010 · Auto			
6011 · Auto Rental	0.00	0.00	139.85
6012 · Exxon	0.00	0.00	244.66
6013 · Gas	0.00	0.00	41.01
6015 · Parking	0.00	0.00	20.00
6016 · Sunoco	0.00	0.00	83.83
6017 · Tolls	0.00	0.00	110.65
Total 6010 · Auto	0.00	0.00	640.00
6018 · Bank Charges	0.00	0.00	89.65
6019 · Books	0.00	0.00	504.03
6020 · Communications			
6021 · ATT	0.00	0.00	58.80
6022 · Cable	0.00	0.00	448.00
6025 · MCI	0.00	0.00	140.55
6026 · RCN	0.00	0.00	426.93
6028 · Skytel	0.00	0.00	207.28
6030 · Thorn	0.00	0.00	2,062.41
6031 · TTMobile	0.00	0.00	199.95
6032 · Verizon	0.00	0.00	1,151.52
6034 · Voicestream Wireless	0.00	0.00	39.64
6035 · Vz Wireless	0.00	0.00	81.04
6036 · Webworqs	0.00	0.00	600.00
Total 6020 · Communications	0.00	0.00	5,416.12
6040 · Computer Installation			
6044 · Homefront Hardware	0.00	0.00	3,615.52
6046 · Metro Solar	0.00	0.00	1,040.00
6047 · Mistretta Electric	0.00	0.00	5,400.00

BAC 167

CASI ENTITIES
KA-826
Profit & Loss by Class
October through December 2002

	NN CO FUNDING	RENT	TOTAL
Total 6040 · Computer Installation	0.00	0.00	10,055.52
6050 · Conference	0.00	0.00	540.00
6051 · Depreciation	0.00	0.00	2,797.00
6053 · Dues and Subscriptions	0.00	0.00	59.95
6060 · Employee Benefits			
6062 · Childcare Services - Rosalie Me	0.00	0.00	900.00
6063 · Drugs	0.00	0.00	1,056.93
6064 · Gym Membership	0.00	0.00	531.50
6066 · Medical Reimbursed	2,270.00	0.00	3,675.00
6067 · Oxford Health	0.00	0.00	3,253.00
Total 6060 · Employee Benefits	2,270.00	0.00	9,416.43
6090 · Equipment Repairs	0.00	0.00	-105.00
6093 · Insurance	0.00	0.00	892.40
6100 · Legal			
6103 · LLBL	0.00	0.00	352.60
6106 · Pennie & Edmonds	0.00	0.00	671.15
6109 · Solomon & Bernstein	0.00	0.00	150.00
Total 6100 · Legal	0.00	0.00	1,173.75
6120 · Miscellaneous	0.00	0.00	0.10
6130 · Office	0.00	0.00	171.21
6150 · Outside Service			
6152 · Advanced Technology Group	0.00	0.00	2,000.00
6153 · Axiom Systems	0.00	0.00	400.00
6154 · Bator Bintor	0.00	0.00	2,983.32
6155 · D. Ferrand	0.00	0.00	1,600.00
6157 · George Wolberg PhD	0.00	0.00	2,000.00
6159 · Jane Laylor	0.00	0.00	161.00
6160 · Peter Ross	0.00	0.00	1,172.64
6163 · Valley of the Mage Consulting	0.00	0.00	1,000.00
Total 6150 · Outside Service	0.00	0.00	11,316.96
6175 · Postage & Delivery	0.00	0.00	209.86
6178 · Repairs			
6180 · General	0.00	0.00	46.95
6178 · Repairs - Other	0.00	0.00	100.00
Total 6178 · Repairs	0.00	0.00	146.95
6189 · Rent			
6192 · Rent for 2002	0.00	10,000.00	10,000.00
Total 6189 · Rent	0.00	10,000.00	10,000.00
6300 · Payroll Expenses			
6303 · S.W. Bothwick	0.00	0.00	780.00
6304 · James L. Cox emp	0.00	0.00	15,600.00

BAC 168

CAS ENTITIES
KA-827
Profit & Loss by Class
October through December 2002

	NN CO FUNDING	RENT	TOTAL
6306 · D.B. Karron	0.00	0.00	75,717.00
6307 · Charles La Salla	0.00	0.00	1,020.00
6308 · Regner M. Peralta	0.00	0.00	3,555.00
6309 · Peter Ross	0.00	0.00	3,636.00
6310 · Matthew Rothman	0.00	0.00	9,757.50
6314 · Nicholee A. Wynter	0.00	0.00	5,272.50
Total 6300 · Payroll Expenses	0.00	0.00	115,338.00
6330 · Research and Development			
6337 · General Computer	0.00	0.00	4,883.00
6339 · Ricoh	0.00	0.00	500.00
6340 · Server Technology	0.00	0.00	1,000.00
6342 · Silicon City	0.00	0.00	21,838.57
6343 · Silicon Graphics	0.00	0.00	8,828.19
6330 · Research and Development - Other	0.00	0.00	235.97
Total 6330 · Research and Development	0.00	0.00	37,285.73
6349 · Stationery	0.00	0.00	390.48
6350 · Payroll Taxes			
6351 · FICA	0.00	0.00	3,881.39
6352 · Medicare	0.00	0.00	1,672.41
6353 · FUTA	0.00	0.00	134.70
6354 · NYSUI	0.00	0.00	666.91
6359 · Penalties and Late Fees	0.00	0.00	146.07
Total 6350 · Payroll Taxes	0.00	0.00	6,501.48
6370 · Travel			
6371 · Airfare	0.00	0.00	797.00
6372 · Hotel	0.00	0.00	1,130.10
6373 · Meals	0.00	0.00	750.84
6375 · Taxi	0.00	0.00	446.92
6376 · Train	0.00	0.00	127.40
6377 · Transit Check	0.00	0.00	405.12
Total 6370 · Travel	0.00	0.00	3,657.38
6379 · Tuition Reimbursement	0.00	0.00	1,907.85
6380 · Utilities	0.00	0.00	2,795.05
Total Expense	EXP 2,270.00	10,000.00	246,920.48
Net Ordinary Income	3,559.55	-10,000.00	11,943.41
Other Income/Expense			
Other Expense			
6500 · Payroll Clearing Account			
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	66,515.49
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	-66,515.49

BAC 169

CASI ENTITIES
KA-828
Profit & Loss by Class
October through December 2002

	NN CO FUNDING	RENT	TOTAL
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00
7000 · Bank Transfer			
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	-11,700.00
7002 · CASI Co-Funding to NIST ATP	0.00	0.00	11,700.00
Total 7000 · Bank Transfer	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00
Net Income	3,559.55	-10,000.00	11,943.41

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CASI ENTITIES
KA-829
Profit & Loss by Class
January 2003

	AJE	INC	LLC	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense						
Income						
4000 · Income						
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	0.00	1,229.00	1,229.00
4020 · NIST ATP Income	0.00	0.00	0.00	48,000.00	0.00	48,000.00
Total 4000 · Income	0.00	0.00	0.00	48,000.00	1,229.00	49,229.00
Total Income	0.00	0.00	0.00	48,000.00	1,229.00	49,229.00
Expense						
5138 · AE-Dues and Subscriptions	0.00	0.00	0.00	9.95	0.00	9.95
5140 · AE-Hardware						
5157 · AE-Datavision	0.00	0.00	0.00	1,022.96	0.00	1,022.96
Total 5140 · AE-Hardware	0.00	0.00	0.00	1,022.96	0.00	1,022.96
5189 · AE-Hotel	0.00	0.00	0.00	86.90	0.00	86.90
5190 · AE-Installation						
5191 · AE-Home Depot	0.00	0.00	0.00	30.72	0.00	30.72
5192 · AE-Homefront Hardware	0.00	0.00	0.00	16.70	0.00	16.70
Total 5190 · AE-Installation	0.00	0.00	0.00	47.42	0.00	47.42
5210 · AE-Meals	0.00	0.00	0.00	224.40	0.00	224.40
5220 · AE-Office						
5229 · AE-Radio Shack	0.00	0.00	0.00	17.62	0.00	17.62
Total 5220 · AE-Office	0.00	0.00	0.00	17.62	0.00	17.62
5250 · AE-Paypal	0.00	0.00	0.00	20.44	0.00	20.44
5260 · AE-Phone						
5266 · AE-Telephone	0.00	0.00	0.00	55.22	0.00	55.22
Total 5260 · AE-Phone	0.00	0.00	0.00	55.22	0.00	55.22
5270 · AE-Postage						
5275 · AE-USPS	0.00	0.00	0.00	200.00	0.00	200.00
Total 5270 · AE-Postage	0.00	0.00	0.00	200.00	0.00	200.00
5299 · AE-Software						
5307 · AE-Iris Inc.	0.00	0.00	0.00	228.98	0.00	228.98
5312 · AE-Quickbooks	0.00	0.00	0.00	169.00	0.00	169.00
5319 · AE-Tehalchery	0.00	0.00	0.00	2.00	0.00	2.00
Total 5299 · AE-Software	0.00	0.00	0.00	399.98	0.00	399.98
6000 · Accounting						
6004 · Joan Hayes CPA	0.00	0.00	0.00	2,500.00	0.00	2,500.00
Total 6000 · Accounting	0.00	0.00	0.00	2,500.00	0.00	2,500.00
6018 · Bank Charges	0.00	3.56	0.00	0.00	0.00	3.56
6019 · Books	0.00	0.00	210.59	0.00	0.00	210.59

BAC 171

CASI ENTITIES
KA-830
Profit & Loss by Class
January 2003

	AJE	INC	LLC	NIST ATP	NN CO FUNDING	TOTAL
6020 · Communications						
6035 · Vz Wireless	0.00	0.00	0.00	40.52	0.00	40.52
Total 6020 · Communications	0.00	0.00	0.00	40.52	0.00	40.52
6053 · Dues and Subscriptions	0.00	0.00	54.07	0.00	0.00	54.07
6060 · Employee Benefits						
6064 · Gym Membership	0.00	0.00	0.00	81.50	0.00	81.50
6066 · Medical Reimbursed	0.00	0.00	0.00	1,147.50	0.00	1,147.50
Total 6060 · Employee Benefits	0.00	0.00	0.00	1,229.00	0.00	1,229.00
6091 · Finance Charge	0.00	0.00	9.90	0.00	0.00	9.90
6093 · Insurance	0.00	0.00	0.00	-15.30	0.00	-15.30
6120 · Miscellaneous	0.00	0.00	20.00	0.00	0.00	20.00
6130 · Office	0.00	0.00	120.13	0.00	0.00	120.13
6177 · Reim . Expenses	0.00	0.00	0.00	96.15	0.00	96.15
6300 · Payroll Expenses						
6301 · Scott Albin emp	0.00	0.00	0.00	600.00	0.00	600.00
6304 · James L. Cox emp	0.00	0.00	0.00	4,225.00	0.00	4,225.00
6306 · D.B. Karron	0.00	0.00	0.00	8,413.00	0.00	8,413.00
6308 · Regner M. Peralta	0.00	0.00	0.00	180.00	0.00	180.00
6309 · Peter Ross	0.00	0.00	0.00	7,718.00	0.00	7,718.00
6310 · Matthew Rothman	0.00	0.00	0.00	2,347.50	0.00	2,347.50
6314 · Nicholee A. Wynter	0.00	0.00	0.00	600.00	0.00	600.00
Total 6300 · Payroll Expenses	0.00	0.00	0.00	24,083.50	0.00	24,083.50
6349 · Stationery	0.00	0.00	0.00	661.81	0.00	661.81
6350 · Payroll Taxes						
6351 · FICA	260.79	0.00	0.00	1,232.38	0.00	1,493.17
6352 · Medicare	0.01	0.00	0.00	349.21	0.00	349.22
Total 6350 · Payroll Taxes	260.80	0.00	0.00	1,581.59	0.00	1,842.39
6370 · Travel						
6373 · Meals	0.00	0.00	215.49	0.00	0.00	215.49
6375 · Taxi	0.00	0.00	0.00	43.00	0.00	43.00
Total 6370 · Travel	0.00	0.00	215.49	43.00	0.00	258.49
6380 · Utilities	0.00	895.80	0.00	672.54	0.00	1,568.34
Total Expense	260.80	899.36	630.18	32,977.70	0.00	34,768.04
Net Ordinary Income	-260.80	-899.36	-630.18	15,022.30	1,229.00	14,460.96
Other Income/Expense						
Other Expense						
6500 · Payroll Clearing Account						
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	0.00	16,984.61	0.00	16,984.61
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	0.00	-16,984.61	0.00	-16,984.61

A/P

BAC 172

CASI ENTITIES
KA-831
Profit & Loss by Class
January 2003

	AJE	INC	LLC	NIST ATP	NN CO FUNDING	TOTAL
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer						
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	0.00	-1,500.00	0.00	-1,500.00
7002 · CASI Co-Funding to NIST ATP	0.00	1,500.00	0.00	0.00	0.00	1,500.00
Total 7000 · Bank Transfer	0.00	1,500.00	0.00	-1,500.00	0.00	0.00
Total Other Expense	0.00	1,500.00	0.00	-1,500.00	0.00	0.00
Net Other Income	0.00	-1,500.00	0.00	1,500.00	0.00	0.00
Net Income	-260.80	-2,399.36	-630.18	16,522.30	1,229.00	14,460.96

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CASI ENTITIES
KA-832
Profit & Loss by Class
February 2003

	INC	LLC	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense					
Income					
4000 · Income					
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	2,484.94	2,484.94
4020 · NIST ATP Income	0.00	0.00	30,000.00	0.00	30,000.00
4912 · DBK For NIST ATP	0.00	0.00	0.00	250.00	250.00
Total 4000 · Income	0.00	0.00	30,000.00	2,734.94	32,734.94
Total Income	0.00	0.00	30,000.00	2,734.94	32,734.94
Expense					
5002 · AE-Airfare					
5003 · AE-American Airlines	0.00	0.00	100.00	0.00	100.00
Total 5002 · AE-Airfare	0.00	0.00	100.00	0.00	100.00
5123 · AE-Books					
5128 · AE-IEEE Books	0.00	0.00	340.03	0.00	340.03
Total 5123 · AE-Books	0.00	0.00	340.03	0.00	340.03
5138 · AE-Dues and Subscriptions	0.00	0.00	9.95	0.00	9.95
5140 · AE-Hardware					
5148 · AE-CFDT.Electronics	0.00	0.00	117.86	0.00	117.86
5163 · AE-Garmin International	0.00	0.00	227.52	0.00	227.52
Total 5140 · AE-Hardware	0.00	0.00	345.38	0.00	345.38
5210 · AE-Meals	0.00	0.00	289.39	0.00	289.39
5220 · AE-Office					
5221 · AE-Bruce Better Living	0.00	0.00	129.75	0.00	129.75
5225 · AE-Marriott Gift Shop	0.00	0.00	6.00	0.00	6.00
5228 · AE-Pearl Paint	0.00	0.00	47.93	0.00	47.93
Total 5220 · AE-Office	0.00	0.00	183.68	0.00	183.68
5260 · AE-Phone					
5266 · AE-Telephone	0.00	0.00	25.00	0.00	25.00
Total 5260 · AE-Phone	0.00	0.00	25.00	0.00	25.00
5270 · AE-Postage					
5275 · AE-USPS	0.00	0.00	44.07	0.00	44.07
Total 5270 · AE-Postage	0.00	0.00	44.07	0.00	44.07
5299 · AE-Software					
5301 · AE-Coda Company	0.00	0.00	177.45	0.00	177.45
5302 · AE-Digital River Soft	0.00	0.00	107.94	0.00	107.94
5309 · AE-Kennedy Software	0.00	0.00	195.90	0.00	195.90
Total 5299 · AE-Software	0.00	0.00	481.29	0.00	481.29
5369 · AE-Travel					

BAC 174

CASI ENTITIES
KA-833
Profit & Loss by Class
February 2003

	INC	LLC	NIST ATP	NN CO FUNDING	TOTAL
5371 · AE-Luggage Carts	0.00	0.00	6.00	0.00	6.00
5372 · AE-Metrocard	0.00	0.00	30.00	0.00	30.00
5373 · AE-Taxi and Limousine	0.00	0.00	103.50	0.00	103.50
Total 5369 · AE-Travel	0.00	0.00	139.50	0.00	139.50
6000 · Accounting					
6005 · Ken Jackson	0.00	0.00	1,120.00	0.00	1,120.00
Total 6000 · Accounting	0.00	0.00	1,120.00	0.00	1,120.00
6010 · Auto					
6011 · Auto Rental	0.00	0.00	135.47	0.00	135.47
6012 · Exxon	0.00	0.00	31.79	0.00	31.79
Total 6010 · Auto	0.00	0.00	167.26	0.00	167.26
6018 · Bank Charges	19.50	0.00	0.00	0.00	19.50
6020 · Communications					
6022 · Cable	0.00	0.00	116.12	0.00	116.12
6025 · MCI	0.00	0.00	23.31	0.00	23.31
6026 · RCN	0.00	0.00	144.26	0.00	144.26
6028 · Skytel	47.30	0.00	0.00	0.00	47.30
6029 · Sprint	0.00	0.00	166.34	0.00	166.34
6031 · TTMobile	0.00	0.00	0.35	0.00	0.35
6032 · Verizon	166.39	0.00	0.00	0.00	166.39
6035 · Vz Wireless	0.00	0.00	120.56	0.00	120.56
Total 6020 · Communications	213.69	0.00	570.94	0.00	784.63
6040 · Computer Installation					
6044 · Homefront Hardware	0.00	0.00	427.60	0.00	427.60
Total 6040 · Computer Installation	0.00	0.00	427.60	0.00	427.60
6050 · Conference	0.00	0.00	250.00	250.00	500.00
6060 · Employee Benefits					
6064 · Gym Membership	0.00	0.00	81.50	0.00	81.50
6066 · Medical Reimbursed	0.00	0.00	2,403.44	0.00	2,403.44
6067 · Oxford Health	0.00	0.00	813.25	0.00	813.25
Total 6060 · Employee Benefits	0.00	0.00	3,298.19	0.00	3,298.19
6091 · Finance Charge	0.00	29.00	0.00	0.00	29.00
6093 · Insurance	0.00	0.00	-7.20	0.00	-7.20
6120 · Miscellaneous	0.00	88.74	0.00	0.00	88.74
6130 · Office	0.00	91.01	0.00	0.00	91.01
6150 · Outside Service					
6155 · D. Ferrand	0.00	0.00	500.00	0.00	500.00
Total 6150 · Outside Service	0.00	0.00	500.00	0.00	500.00
6170 · Paypal Payments	0.00	0.00	366.64	0.00	366.64
6175 · Postage & Delivery	0.00	0.00	164.19	0.00	164.19

BAC 175

CASI ENTITIES
KA-834
Profit & Loss by Class
February 2003

	INC	LLC	NIST ATP	NN CO FUNDING	TOTAL
6300 · Payroll Expenses					
6304 · James L. Cox emp	0.00	0.00	5,200.00	0.00	5,200.00
6306 · D.B. Karron	0.00	0.00	10,095.60	0.00	10,095.60
6310 · Matthew Rothman	0.00	0.00	3,577.50	0.00	3,577.50
Total 6300 · Payroll Expenses	0.00	0.00	18,873.10	0.00	18,873.10
6330 · Research and Development					
6337 · General Computer	0.00	0.00	744.00	0.00	744.00
6340 · Server Technology	0.00	0.00	1,745.75	0.00	1,745.75
6342 · Silicon City	0.00	0.00	1,119.70	0.00	1,119.70
Total 6330 · Research and Development	0.00	0.00	3,609.45	0.00	3,609.45
6349 · Stationery	0.00	0.00	161.86	0.00	161.86
6350 · Payroll Taxes					
6351 · FICA	0.00	0.00	1,170.13	0.00	1,170.13
6352 · Medicare	0.00	0.00	273.65	0.00	273.65
Total 6350 · Payroll Taxes	0.00	0.00	1,443.78	0.00	1,443.78
6370 · Travel					
6373 · Meals	0.00	221.25	0.00	0.00	221.25
6376 · Train	0.00	4.75	0.00	0.00	4.75
Total 6370 · Travel	0.00	226.00	0.00	0.00	226.00
6380 · Utilities	939.64	0.00	0.00	0.00	939.64
Total Expense	1,172.83	434.75	32,904.10	250.00	34,761.68
Net Ordinary Income	-1,172.83	-434.75	-2,904.10	2,484.94	-2,026.74
Other Income/Expense					
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	12,775.45	0.00	12,775.45
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	-12,775.45	0.00	-12,775.45
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer					
7005 · From 8735 to INC IN	-1,200.00	0.00	0.00	0.00	-1,200.00
7006 · From 8735 TO INC OUT	0.00	0.00	1,200.00	0.00	1,200.00
Total 7000 · Bank Transfer	-1,200.00	0.00	1,200.00	0.00	0.00
Total Other Expense	-1,200.00	0.00	1,200.00	0.00	0.00
Net Other Income	1,200.00	0.00	-1,200.00	0.00	0.00
Net Income	27.17	-434.75	-4,104.10	2,484.94	-2,026.74

BAC 176

CASI ENTITIES
KA-835
Profit & Loss by Class
January through March 2003

	AJE	INC	LLC	N LLC N	NIST ATP
Ordinary Income/Expense					
Income					
4000 · Income					
4010 · Reimbursed Expense Income	0.00	20.04	0.00	0.00	0.00
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	0.00	0.00
4020 · NIST ATP Income	0.00	0.00	0.00	0.00	120,000.00
4709 · FROM DBK TO NIST LLC A/C 1030	0.00	0.00	0.00	100.00	0.00
4711 · FROM DBK TO LLC A/C 1020	0.00	0.00	0.00	1,000.00	0.00
4912 · DBK For NIST ATP	0.00	0.00	0.00	0.00	0.00
Total 4000 · Income	0.00	20.04	0.00	N 1,100.00	N 120,000.00
Total Income	0.00	20.04	0.00	1,100.00	120,000.00
Expense					
5002 · AE-Airfare					
5003 · AE-American Airlines	0.00	0.00	0.00	0.00	100.00
Total 5002 · AE-Airfare	0.00	0.00	0.00	0.00	100.00
5123 · AE-Books					
5128 · AE-IEEE Books	0.00	0.00	0.00	0.00	340.03
Total 5123 · AE-Books	0.00	0.00	0.00	0.00	340.03
5138 · AE-Dues and Subscriptions	0.00	0.00	0.00	0.00	584.85
5140 · AE-Hardware					
5148 · AE-CFDT.Electronics	0.00	0.00	0.00	0.00	117.86
5157 · AE-Datavision	0.00	0.00	0.00	0.00	1,710.96
5159 · AE-Dymo Corp.	0.00	0.00	0.00	0.00	150.00
5163 · AE-Garmin International	0.00	0.00	0.00	0.00	350.17
Total 5140 · AE-Hardware	0.00	0.00	0.00	0.00	2,328.99
5189 · AE-Hotel	0.00	0.00	0.00	0.00	86.90
5190 · AE-Installation					
5191 · AE-Home Depot	0.00	0.00	0.00	0.00	30.72
5192 · AE-Homefront Hardware	0.00	0.00	0.00	0.00	16.70
Total 5190 · AE-Installation	0.00	0.00	0.00	0.00	47.42
5210 · AE-Meals	0.00	0.00	0.00	0.00	615.89
5220 · AE-Office					
5221 · AE-Bruce Better Living	0.00	0.00	0.00	0.00	129.75
5224 · AE-Label Universe	0.00	0.00	0.00	0.00	35.40
5225 · AE-Marriott Gift Shop	0.00	0.00	0.00	0.00	6.00
5228 · AE-Pearl Paint	0.00	0.00	0.00	0.00	47.93
5229 · AE-Radio Shack	0.00	0.00	0.00	0.00	17.62
Total 5220 · AE-Office	0.00	0.00	0.00	0.00	236.70
5250 · AE-Paypal	0.00	0.00	0.00	0.00	20.44
5260 · AE-Phone					

CAS ENTITIES
KA-836
Profit & Loss by Class
January through March 2003

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	AJE	INC	LLC	N LLC N	NIST ATP
5266 · AE-Telephone	0.00	0.00	0.00	0.00	80.22
Total 5260 · AE-Phone	0.00	0.00	0.00	0.00	80.22
5270 · AE-Postage					
5275 · AE-USPS	0.00	0.00	0.00	0.00	257.72
Total 5270 · AE-Postage	0.00	0.00	0.00	0.00	257.72
5299 · AE-Software					
5301 · AE-Coda Company	0.00	0.00	0.00	0.00	177.45
5302 · AE-Digital River Soft	0.00	0.00	0.00	0.00	107.94
5307 · AE-Iris Inc.	0.00	0.00	0.00	0.00	228.98
5309 · AE-Kennedy Software	0.00	0.00	0.00	0.00	5.95
5312 · AE-Quickbooks	0.00	0.00	0.00	0.00	169.00
5319 · AE-Tehalchery	0.00	0.00	0.00	0.00	2.00
Total 5299 · AE-Software	0.00	0.00	0.00	0.00	691.32
5369 · AE-Travel					
5371 · AE-Luggage Carts	0.00	0.00	0.00	0.00	6.00
5372 · AE-Metrocard	0.00	0.00	0.00	0.00	30.00
5373 · AE-Taxi and Limousine	0.00	0.00	0.00	0.00	103.50
Total 5369 · AE-Travel	0.00	0.00	0.00	0.00	139.50
6000 · Accounting					
6004 · Joan Hayes CPA	0.00	0.00	0.00	0.00	2,500.00
6005 · Ken Jackson	0.00	0.00	0.00	0.00	1,120.00
Total 6000 · Accounting	0.00	0.00	0.00	0.00	3,620.00
6010 · Auto					
6011 · Auto Rental	0.00	0.00	0.00	0.00	135.47
6012 · Exxon	0.00	0.00	0.00	0.00	31.79
Total 6010 · Auto	0.00	0.00	0.00	0.00	167.26
6018 · Bank Charges	0.00	69.74	0.00	0.00	120.00
6019 · Books	0.00	0.00	210.59	0.00	0.00
6020 · Communications					
6022 · Cable	0.00	0.00	0.00	0.00	116.12
6025 · MCI	0.00	0.00	0.00	0.00	23.31
6026 · RCN	0.00	0.00	0.00	0.00	144.26
6028 · Skytel	0.00	95.82	0.00	0.00	0.00
6029 · Sprint	0.00	0.00	0.00	0.00	166.34
6031 · TTMobile	0.00	0.00	0.00	0.00	0.35
6032 · Verizon	0.00	166.39	0.00	0.00	0.00
6035 · Vz Wireless	0.00	0.00	0.00	0.00	161.08
Total 6020 · Communications	0.00	262.21	0.00	0.00	611.46
6040 · Computer Installation					
6044 · Homefront Hardware	0.00	0.00	0.00	0.00	783.23

BAC 178

CASI ENTITIES
KA-837
Profit & Loss by Class
January through March 2003

	AJE	INC	LLC	N LLC N	NIST ATP
Total 6040 · Computer Installation	0.00	0.00	0.00	0.00	783.23
6050 · Conference	0.00	0.00	0.00	0.00	250.00
6053 · Dues and Subscriptions	0.00	0.00	54.07	0.00	0.00
6060 · Employee Benefits					
6064 · Gym Membership	0.00	0.00	0.00	0.00	256.50
6066 · Medical Reimbursed	0.00	0.00	0.00	0.00	5,770.50
6067 · Oxford Health	0.00	0.00	0.00	0.00	1,626.50
Total 6060 · Employee Benefits	0.00	0.00	0.00	0.00	7,653.50
6091 · Finance Charge	0.00	0.00	105.90	0.00	0.00
6093 · Insurance	0.00	0.00	0.00	0.00	-29.70
6120 · Miscellaneous	0.00	0.00	108.74	0.00	0.00
6130 · Office	0.00	0.00	324.02	0.00	0.00
6150 · Outside Service					
6154 · Bator Binton	0.00	0.00	0.00	0.00	700.01
6155 · D. Ferrand	0.00	0.00	0.00	0.00	800.00
Total 6150 · Outside Service	0.00	0.00	0.00	0.00	1,500.01
6170 · Paypal Payments	0.00	0.00	0.00	0.00	608.70
6175 · Postage & Delivery	0.00	0.00	0.00	0.00	238.64
6177 · Reim . Expenses	0.00	0.00	0.00	0.00	96.15
6178 · Repairs					
6180 · General	0.00	0.00	21.64	0.00	0.00
Total 6178 · Repairs	0.00	0.00	21.64	0.00	0.00
6189 · Rent					
6193 · Rent for 2003	0.00	0.00	0.00	0.00	0.00
Total 6189 · Rent	0.00	0.00	0.00	0.00	0.00
6300 · Payroll Expenses					
6301 · Scott Albin emp	0.00	0.00	0.00	0.00	600.00
6302 · Robert Benedict	0.00	0.00	0.00	0.00	2,307.69
6304 · James L. Cox emp	0.00	0.00	0.00	0.00	14,625.00
6306 · D.B. Karron	0.00	0.00	0.00	0.00	28,604.20
6308 · Regner M. Peralta	0.00	0.00	0.00	0.00	180.00
6309 · Peter Ross	0.00	0.00	0.00	0.00	7,718.00
6310 · Matthew Rothman	0.00	0.00	0.00	0.00	8,977.50
6314 · Nicholee A. Wynter	0.00	0.00	0.00	0.00	600.00
Total 6300 · Payroll Expenses	0.00	0.00	0.00	0.00	63,612.39
6330 · Research and Development					
6337 · General Computer	0.00	0.00	0.00	0.00	744.00
6340 · Server Technology	0.00	0.00	0.00	0.00	2,745.75
6342 · Silicon City	0.00	0.00	0.00	0.00	3,119.70
6343 · Silicon Graphics	0.00	0.00	0.00	0.00	9,000.00
6330 · Research and Development - Other	0.00	0.00	0.00	0.00	275.00

BAC 179

CASI ENTITIES
KA-838
Profit & Loss by Class
January through March 2003

	AJE	INC	LLC	N LLC N	NIST ATP
Total 6330 · Research and Development	0.00	0.00	0.00	0.00	15,884.45
6349 · Stationery	0.00	0.00	0.00	0.00	823.67
6350 · Payroll Taxes					
6351 · FICA	260.79	0.00	0.00	0.00	3,683.19
6352 · Medicare	0.01	0.00	0.00	0.00	922.36
6353 · FUTA	0.00	0.00	0.00	0.00	253.50
6354 · NYSUI	0.00	0.00	0.00	0.00	544.92
6359 · Penalties and Late Fees	0.00	0.00	0.00	0.00	17.27
Total 6350 · Payroll Taxes	260.80	0.00	0.00	0.00	5,421.24
6370 · Travel					
6373 · Meals	0.00	0.00	739.49	0.00	0.00
6375 · Taxi	0.00	0.00	0.00	0.00	43.00
6376 · Train	0.00	0.00	4.75	0.00	0.00
Total 6370 · Travel	0.00	0.00	744.24	0.00	43.00
6380 · Utilities	0.00	1,835.44	0.00	0.00	672.54
Total Expense	260.80	2,167.39	1,569.20	0.00	EXP 107,606.52
Net Ordinary Income	-260.80	-2,147.35	-1,569.20	1,100.00	12,393.48
Other Income/Expense					
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	0.00	0.00	43,943.25
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	0.00	0.00	-43,943.25
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer					
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	0.00	0.00	-3,000.00
7002 · CASI Co-Funding to NIST ATP	0.00	3,000.00	0.00	0.00	0.00
7005 · From 8735 to INC IN	0.00	-1,200.00	0.00	0.00	0.00
7006 · From 8735 TO INC OUT	0.00	0.00	0.00	0.00	1,200.00
Total 7000 · Bank Transfer	0.00	1,800.00	0.00	0.00	-1,800.00
Total Other Expense	0.00	1,800.00	0.00	0.00	-1,800.00
Net Other Income	0.00	-1,800.00	0.00	0.00	1,800.00
Net Income	-260.80	-3,947.35	-1,569.20	1,100.00	14,193.48

KA-839

12:35 PM
07/24/10
Accrual Basis

CASI ENTITIES
KA-839
Profit & Loss by Class
January through March 2003

KA-839

	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense			
Income			
4000 · Income			
4010 · Reimbursed Expense Income	0.00	0.00	20.04
4014 · Co-Funding via Mastercard	6,302.00	0.00	6,302.00
4020 · NIST ATP Income	0.00	0.00	120,000.00
4709 · FROM DBK TO NIST LLC A/C 1030	0.00	0.00	100.00
4711 · FROM DBK TO LLC A/C 1020	0.00	0.00	1,000.00
4912 · DBK For NIST ATP	250.00	0.00	250.00
Total 4000 · Income	N 6,552.00	0.00	127,672.04
Total Income	6,552.00	0.00	127,672.04
Expense			
5002 · AE-Airfare			
5003 · AE-American Airlines	0.00	0.00	100.00
Total 5002 · AE-Airfare	0.00	0.00	100.00
5123 · AE-Books			
5128 · AE-IEEE Books	0.00	0.00	340.03
Total 5123 · AE-Books	0.00	0.00	340.03
5138 · AE-Dues and Subscriptions	0.00	0.00	584.85
5140 · AE-Hardware			
5148 · AE-CFDT.Electronics	0.00	0.00	117.86
5157 · AE-Datavision	0.00	0.00	1,710.96
5159 · AE-Dymo Corp.	0.00	0.00	150.00
5163 · AE-Garmin International	0.00	0.00	350.17
Total 5140 · AE-Hardware	0.00	0.00	2,328.99
5189 · AE-Hotel	0.00	0.00	86.90
5190 · AE-Installation			
5191 · AE-Home Depot	0.00	0.00	30.72
5192 · AE-Homefront Hardware	0.00	0.00	16.70
Total 5190 · AE-Installation	0.00	0.00	47.42
5210 · AE-Meals	0.00	0.00	615.89
5220 · AE-Office			
5221 · AE-Bruce Better Living	0.00	0.00	129.75
5224 · AE-Label Universe	0.00	0.00	35.40
5225 · AE-Marriott Gift Shop	0.00	0.00	6.00
5228 · AE-Pearl Paint	0.00	0.00	47.93
5229 · AE-Radio Shack	0.00	0.00	17.62
Total 5220 · AE-Office	0.00	0.00	236.70
5250 · AE-Paypal	0.00	0.00	20.44
5260 · AE-Phone			

BAC 181

CASI ENTITIES
KA-840
Profit & Loss by Class
January through March 2003

	NN CO FUNDING	RENT	TOTAL
5266 · AE-Telephone	0.00	0.00	80.22
Total 5260 · AE-Phone	0.00	0.00	80.22
5270 · AE-Postage			
5275 · AE-USPS	0.00	0.00	257.72
Total 5270 · AE-Postage	0.00	0.00	257.72
5299 · AE-Software			
5301 · AE-Coda Company	0.00	0.00	177.45
5302 · AE-Digital River Soft	0.00	0.00	107.94
5307 · AE-Iris Inc.	0.00	0.00	228.98
5309 · AE-Kennedy Software	0.00	0.00	5.95
5312 · AE-Quickbooks	0.00	0.00	169.00
5319 · AE-Tehalchemy	0.00	0.00	2.00
Total 5299 · AE-Software	0.00	0.00	691.32
5369 · AE-Travel			
5371 · AE-Luggage Carts	0.00	0.00	6.00
5372 · AE-Metrocard	0.00	0.00	30.00
5373 · AE-Taxi and Limousine	0.00	0.00	103.50
Total 5369 · AE-Travel	0.00	0.00	139.50
6000 · Accounting			
6004 · Joan Hayes CPA	0.00	0.00	2,500.00
6005 · Ken Jackson	0.00	0.00	1,120.00
Total 6000 · Accounting	0.00	0.00	3,620.00
6010 · Auto			
6011 · Auto Rental	0.00	0.00	135.47
6012 · Exxon	0.00	0.00	31.79
Total 6010 · Auto	0.00	0.00	167.26
6018 · Bank Charges	0.00	0.00	189.74
6019 · Books	0.00	0.00	210.59
6020 · Communications			
6022 · Cable	0.00	0.00	116.12
6025 · MCI	0.00	0.00	23.31
6026 · RCN	0.00	0.00	144.26
6028 · Skytel	0.00	0.00	95.82
6029 · Sprint	0.00	0.00	166.34
6031 · TTMobile	0.00	0.00	0.35
6032 · Verizon	0.00	0.00	166.39
6035 · Vz Wireless	0.00	0.00	161.08
Total 6020 · Communications	0.00	0.00	873.67
6040 · Computer Installation			
6044 · Homefront Hardware	0.00	0.00	783.23

BAC 182

CASI ENTITIES
KA-841
Profit & Loss by Class
January through March 2003

	NN CO FUNDING	RENT	TOTAL
Total 6040 · Computer Installation	0.00	0.00	783.23
6050 · Conference	250.00	0.00	500.00
6053 · Dues and Subscriptions	0.00	0.00	54.07
6060 · Employee Benefits			
6064 · Gym Membership	0.00	0.00	256.50
6066 · Medical Reimbursed	0.00	0.00	5,770.50
6067 · Oxford Health	0.00	0.00	1,626.50
Total 6060 · Employee Benefits	0.00	0.00	7,653.50
6091 · Finance Charge	0.00	0.00	105.90
6093 · Insurance	0.00	0.00	-29.70
6120 · Miscellaneous	0.00	0.00	108.74
6130 · Office	0.00	0.00	324.02
6150 · Outside Service			
6154 · Bator Bintor	0.00	0.00	700.01
6155 · D. Ferrand	0.00	0.00	800.00
Total 6150 · Outside Service	0.00	0.00	1,500.01
6170 · Paypal Payments	0.00	0.00	608.70
6175 · Postage & Delivery	0.00	0.00	238.64
6177 · Reim . Expenses	0.00	0.00	96.15
6178 · Repairs			
6180 · General	0.00	0.00	21.64
Total 6178 · Repairs	0.00	0.00	21.64
6189 · Rent			
6193 · Rent for 2003	0.00	6,000.00	6,000.00
Total 6189 · Rent	0.00	6,000.00	6,000.00
6300 · Payroll Expenses			
6301 · Scott Albin emp	0.00	0.00	600.00
6302 · Robert Benedict	0.00	0.00	2,307.69
6304 · James L. Cox emp	0.00	0.00	14,625.00
6306 · D.B. Karron	0.00	0.00	28,604.20
6308 · Regner M. Peralta	0.00	0.00	180.00
6309 · Peter Ross	0.00	0.00	7,718.00
6310 · Matthew Rothman	0.00	0.00	8,977.50
6314 · Nicholee A. Wynter	0.00	0.00	600.00
Total 6300 · Payroll Expenses	0.00	0.00	63,612.39
6330 · Research and Development			
6337 · General Computer	0.00	0.00	744.00
6340 · Server Technology	0.00	0.00	2,745.75
6342 · Silicon City	0.00	0.00	3,119.70
6343 · Silicon Graphics	0.00	0.00	9,000.00
6330 · Research and Development - Other	0.00	0.00	275.00

BAC 183

CASI ENTITIES
KA-842
Profit & Loss by Class
January through March 2003

	NN CO FUNDING	RENT	TOTAL
Total 6330 · Research and Development	0.00	0.00	15,884.45
6349 · Stationery	0.00	0.00	823.67
6350 · Payroll Taxes			
6351 · FICA	0.00	0.00	3,943.98
6352 · Medicare	0.00	0.00	922.37
6353 · FUTA	0.00	0.00	253.50
6354 · NYSUI	0.00	0.00	544.92
6359 · Penalties and Late Fees	0.00	0.00	17.27
Total 6350 · Payroll Taxes	0.00	0.00	5,682.04
6370 · Travel			
6373 · Meals	0.00	0.00	739.49
6375 · Taxi	0.00	0.00	43.00
6376 · Train	0.00	0.00	4.75
Total 6370 · Travel	0.00	0.00	787.24
6380 · Utilities	EXP 0.00	0.00	2,507.98
Total Expense	250.00	6,000.00	117,853.91
Net Ordinary Income	6,302.00	-6,000.00	9,818.13
Other Income/Expense			
Other Expense			
6500 · Payroll Clearing Account			
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	43,943.25
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	-43,943.25
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00
7000 · Bank Transfer			
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	-3,000.00
7002 · CASI Co-Funding to NIST ATP	0.00	0.00	3,000.00
7005 · From 8735 to INC IN	0.00	0.00	-1,200.00
7006 · From 8735 TO INC OUT	0.00	0.00	1,200.00
Total 7000 · Bank Transfer	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00
Net Income	6,302.00	-6,000.00	9,818.13

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CASI ENTITIES
KA-843
Profit & Loss by Class
April 2003

	INC	LLC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense						
Income						
4000 · Income						
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	81.50	0.00	81.50
4020 · NIST ATP Income	0.00	0.00	60,500.00	0.00	0.00	60,500.00
Total 4000 · Income	0.00	0.00	60,500.00	81.50	0.00	60,581.50
Total Income	0.00	0.00	60,500.00	81.50	0.00	60,581.50
Expense						
5002 · AE-Airfare						
5005 · AE-Expedia	0.00	0.00	448.48	0.00	0.00	448.48
Total 5002 · AE-Airfare	0.00	0.00	448.48	0.00	0.00	448.48
5007 · AE-Auto						
5008 · AE-Airport Parking	0.00	0.00	3.00	0.00	0.00	3.00
Total 5007 · AE-Auto	0.00	0.00	3.00	0.00	0.00	3.00
5138 · AE-Dues and Subscriptions	0.00	0.00	9.95	0.00	0.00	9.95
5140 · AE-Hardware						
5148 · AE-CFDT.Electronics	0.00	0.00	389.66	0.00	0.00	389.66
5155 · AE-Columbia Home	0.00	0.00	144.90	0.00	0.00	144.90
5157 · AE-Datavision	0.00	0.00	658.93	0.00	0.00	658.93
Total 5140 · AE-Hardware	0.00	0.00	1,193.49	0.00	0.00	1,193.49
5189 · AE-Hotel	0.00	0.00	513.95	0.00	0.00	513.95
5200 · AE-Internet						
5203 · AE-Expedia	0.00	0.00	24.99	0.00	0.00	24.99
Total 5200 · AE-Internet	0.00	0.00	24.99	0.00	0.00	24.99
5210 · AE-Meals	0.00	0.00	646.85	0.00	0.00	646.85
5220 · AE-Office						
5223 · AE-Eckerd	0.00	0.00	15.19	0.00	0.00	15.19
5229 · AE-Radio Shack	0.00	0.00	27.50	0.00	0.00	27.50
Total 5220 · AE-Office	0.00	0.00	42.69	0.00	0.00	42.69
5270 · AE-Postage						
5275 · AE-USPS	0.00	0.00	31.00	0.00	0.00	31.00
Total 5270 · AE-Postage	0.00	0.00	31.00	0.00	0.00	31.00
5299 · AE-Software						
5302 · AE-Digital River Soft	0.00	0.00	99.99	0.00	0.00	99.99
5306 · AE-GetInfo.Com	0.00	0.00	39.95	0.00	0.00	39.95
5312 · AE-Quickbooks	0.00	0.00	166.54	0.00	0.00	166.54
5313 · AE-Regnow	0.00	0.00	73.86	0.00	0.00	73.86
5320 · AE-Visioneer	0.00	0.00	619.96	0.00	0.00	619.96

KA-844

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07/24/10

Accrual Basis

CASI ENTITIES
KA-844
Profit & Loss by Class
April 2003

KA-844

	INC	LLC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Total 5299 · AE-Software	0.00	0.00	1,000.30	0.00	0.00	1,000.30
5369 · AE-Travel						
5373 · AE-Taxi and Limousine	0.00	0.00	18.39	0.00	0.00	18.39
5374 · AE-Train	0.00	0.00	8.55	0.00	0.00	8.55
Total 5369 · AE-Travel	0.00	0.00	26.94	0.00	0.00	26.94
6000 · Accounting						
6004 · Joan Hayes CPA	0.00	0.00	2,500.00	0.00	0.00	2,500.00
6005 · Ken Jackson	0.00	0.00	1,070.00	0.00	0.00	1,070.00
Total 6000 · Accounting	0.00	0.00	3,570.00	0.00	0.00	3,570.00
6010 · Auto						
6012 · Exxon	0.00	0.00	37.19	0.00	0.00	37.19
6015 · Parking	0.00	219.00	0.00	0.00	0.00	219.00
6016 · Sunoco	0.00	0.00	48.52	0.00	0.00	48.52
Total 6010 · Auto	0.00	219.00	85.71	0.00	0.00	304.71
6018 · Bank Charges	28.82	21.80	-120.00	0.00	0.00	-69.38
6019 · Books	0.00	94.12	0.00	0.00	0.00	94.12
6020 · Communications						
6021 · ATT	0.00	0.00	6.27	0.00	0.00	6.27
6022 · Cable	0.00	0.00	471.83	0.00	0.00	471.83
6026 · RCN	0.00	0.00	304.85	0.00	0.00	304.85
6028 · Skytel	49.90	0.00	0.00	0.00	0.00	49.90
6029 · Sprint	0.00	0.00	339.02	0.00	0.00	339.02
6030 · Thorn	0.00	0.00	189.90	0.00	0.00	189.90
6031 · TTMobile	0.00	0.00	36.97	0.00	0.00	36.97
6032 · Verizon	71.07	0.00	419.44	0.00	0.00	490.51
6035 · Vz Wireless	0.00	0.00	41.00	0.00	0.00	41.00
Total 6020 · Communications	120.97	0.00	1,809.28	0.00	0.00	1,930.25
6053 · Dues and Subscriptions	0.00	-3.57	0.00	0.00	0.00	-3.57
6060 · Employee Benefits						
6064 · Gym Membership	0.00	0.00	81.50	0.00	0.00	81.50
6067 · Oxford Health	0.00	0.00	1,626.50	0.00	0.00	1,626.50
Total 6060 · Employee Benefits	0.00	0.00	1,708.00	0.00	0.00	1,708.00
6091 · Finance Charge	0.00	43.00	0.00	0.00	0.00	43.00
6093 · Insurance	0.00	0.00	-8.40	0.00	0.00	-8.40
6120 · Miscellaneous	0.00	18.00	0.00	0.00	0.00	18.00
6130 · Office	0.00	113.16	0.00	0.00	0.00	113.16
6150 · Outside Service						
6154 · Bator Bintor	0.00	0.00	2,882.67	0.00	0.00	2,882.67
6155 · D. Ferrand	0.00	0.00	600.00	0.00	0.00	600.00
Total 6150 · Outside Service	0.00	0.00	3,482.67	0.00	0.00	3,482.67

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CASI ENTITIES
KA-845
Profit & Loss by Class
April 2003

Case 1:08-cv-10223-NRB Document 32-3 Filed 08/23/10 Page 20 of 31

	INC	LLC	NIST ATP	NN CO FUNDING	RENT	TOTAL
6189 · Rent						
6193 · Rent for 2003	0.00	0.00	0.00	0.00	2,000.00	2,000.00
Total 6189 · Rent	0.00	0.00	0.00	0.00	2,000.00	2,000.00
6300 · Payroll Expenses						
6302 · Robert Benedict	0.00	0.00	4,615.38	0.00	0.00	4,615.38
6304 · James L. Cox emp	0.00	0.00	5,200.00	0.00	0.00	5,200.00
6306 · D.B. Karron	0.00	0.00	11,778.20	0.00	0.00	11,778.20
6307 · Charles La Salla	0.00	0.00	390.00	0.00	0.00	390.00
6310 · Matthew Rothman	0.00	0.00	3,112.50	0.00	0.00	3,112.50
Total 6300 · Payroll Expenses	0.00	0.00	25,096.08	0.00	0.00	25,096.08
6330 · Research and Development						
6333 · Denver Air Support	0.00	0.00	295.00	0.00	0.00	295.00
6337 · General Computer	0.00	0.00	2,487.00	0.00	0.00	2,487.00
6339 · Ricoh	0.00	0.00	500.00	0.00	0.00	500.00
6340 · Server Technology	0.00	0.00	3,149.80	0.00	0.00	3,149.80
6342 · Silicon City	0.00	0.00	1,629.00	0.00	0.00	1,629.00
6343 · Silicon Graphics	0.00	0.00	15,000.00	0.00	0.00	15,000.00
Total 6330 · Research and Development	0.00	0.00	23,060.80	0.00	0.00	23,060.80
6350 · Payroll Taxes						
6351 · FICA	0.00	0.00	1,555.95	0.00	0.00	1,555.95
6352 · Medicare	0.00	0.00	363.90	0.00	0.00	363.90
Total 6350 · Payroll Taxes	0.00	0.00	1,919.85	0.00	0.00	1,919.85
6370 · Travel						
6373 · Meals	0.00	476.55	0.00	0.00	0.00	476.55
Total 6370 · Travel	0.00	476.55	0.00	0.00	0.00	476.55
6380 · Utilities	0.00	0.00	1,397.43	0.00	0.00	1,397.43
Total Expense	149.79	982.06	65,943.06	0.00	2,000.00	69,074.91
Net Ordinary Income	-149.79	-982.06	-5,443.06	81.50	-2,000.00	-8,493.41
Other Income/Expense						
Other Expense						
6500 · Payroll Clearing Account						
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	17,077.69	0.00	0.00	17,077.69
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	-17,077.69	0.00	0.00	-17,077.69
Total 6500 · Payroll Clearing Account	0.00	0.00	0.00	0.00	0.00	0.00
7000 · Bank Transfer						
7007 · FROM ATP TO LLC IN	0.00	-1.00	0.00	0.00	0.00	-1.00
7008 · FROM ATP TO LLC OUT	0.00	0.00	1.00	0.00	0.00	1.00
Total 7000 · Bank Transfer	0.00	-1.00	1.00	0.00	0.00	0.00

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CASI ENTITIES
KA-846
Profit & Loss by Class
April 2003

	INC	LLC	NIST ATP	NN CO FUNDING	RENT	TOTAL
Total Other Expense	0.00	-1.00	1.00	0.00	0.00	0.00
Net Other Income	0.00	1.00	-1.00	0.00	0.00	0.00
Net Income	-149.79	-981.06	-5,444.06	81.50	-2,000.00	-8,493.41

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CASI ENTITIES
KA-847
Profit & Loss by Class
May 2003

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING	TOTAL
Ordinary Income/Expense						
Income						
4000 · Income						
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	0.00	261.61	261.61
4020 · NIST ATP Income	0.00	0.00	0.00	73,000.01	0.00	73,000.01
Total 4000 · Income	0.00	0.00	0.00	73,000.01	261.61	73,261.62
Total Income	0.00	0.00	0.00	73,000.01	261.61	73,261.62
Expense						
5138 · AE-Dues and Subscriptions	0.00	0.00	0.00	9.95	0.00	9.95
5139 · AE-Finance Charge	0.00	0.00	0.00	8.03	0.00	8.03
5140 · AE-Hardware						
5148 · AE-CFDT.Electronics	0.00	0.00	0.00	107.83	0.00	107.83
5155 · AE-Columbia Home	0.00	0.00	0.00	140.73	0.00	140.73
5157 · AE-Datavision	0.00	0.00	0.00	689.95	0.00	689.95
5168 · AE-IBM Direct	0.00	0.00	0.00	413.51	0.00	413.51
5140 · AE-Hardware - Other	0.00	0.00	0.00	36.20	0.00	36.20
Total 5140 · AE-Hardware	0.00	0.00	0.00	1,388.22	0.00	1,388.22
5210 · AE-Meals	0.00	0.00	0.00	108.78	0.00	108.78
5220 · AE-Office						
5226 · AE-Office Depot	0.00	0.00	0.00	-108.31	0.00	-108.31
Total 5220 · AE-Office	0.00	0.00	0.00	-108.31	0.00	-108.31
5270 · AE-Postage						
5275 · AE-USPS	0.00	0.00	0.00	92.80	0.00	92.80
Total 5270 · AE-Postage	0.00	0.00	0.00	92.80	0.00	92.80
5299 · AE-Software						
5311 · AE-MYNAI.Com	0.00	0.00	0.00	71.38	0.00	71.38
5315 · AE-Rhino	0.00	0.00	0.00	34.95	0.00	34.95
5316 · AE-Roxio	0.00	0.00	0.00	89.95	0.00	89.95
5320 · AE-Visioneer	0.00	0.00	0.00	-150.00	0.00	-150.00
Total 5299 · AE-Software	0.00	0.00	0.00	46.28	0.00	46.28
6000 · Accounting						
6005 · Ken Jackson	0.00	0.00	0.00	1,820.00	0.00	1,820.00
Total 6000 · Accounting	0.00	0.00	0.00	1,820.00	0.00	1,820.00
6010 · Auto						
6011 · Auto Rental	0.00	0.00	0.00	118.11	0.00	118.11
6013 · Gas	0.00	0.00	0.00	28.80	0.00	28.80
6015 · Parking	0.00	8.00	0.00	20.00	0.00	28.00
Total 6010 · Auto	0.00	8.00	0.00	166.91	0.00	174.91
6018 · Bank Charges	31.09	42.00	0.00	0.00	0.00	73.09

189 BAC 189

KA-848

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07/24/10

Accrual Basis

CASI ENTITIES
KA-848
Profit & Loss by Class
May 2003

KA-848

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING	TOTAL
6019 · Books	0.00	88.69	0.00	0.00	0.00	88.69
6020 · Communications						
6024 · IDT	0.00	0.00	0.00	68.50	0.00	68.50
6030 · Thorn	0.00	0.00	0.00	795.90	0.00	795.90
Total 6020 · Communications	0.00	0.00	0.00	864.40	0.00	864.40
6040 · Computer Installation						
6044 · Homefront Hardware	0.00	0.00	0.00	518.28	0.00	518.28
Total 6040 · Computer Installation	0.00	0.00	0.00	518.28	0.00	518.28
6060 · Employee Benefits						
6063 · Drugs	0.00	0.00	0.00	58.52	0.00	58.52
6064 · Gym Membership	0.00	0.00	0.00	81.50	0.00	81.50
6066 · Medical Reimbursed	0.00	0.00	0.00	180.11	0.00	180.11
Total 6060 · Employee Benefits	0.00	0.00	0.00	320.13	0.00	320.13
6092 · Honorarium	0.00	0.00	0.00	94.37	0.00	94.37
6093 · Insurance	0.00	0.00	0.00	-14.40	0.00	-14.40
6130 · Office	0.00	49.04	0.00	83.36	0.00	132.40
6300 · Payroll Expenses						
6302 · Robert Benedict	0.00	0.00	0.00	9,000.00	0.00	9,000.00
6304 · James L. Cox emp	0.00	0.00	0.00	7,800.00	0.00	7,800.00
6306 · D.B. Karron	0.00	0.00	0.00	20,191.20	0.00	20,191.20
6307 · Charles La Salla	0.00	0.00	0.00	1,110.00	0.00	1,110.00
6310 · Matthew Rothman	0.00	0.00	0.00	3,817.50	0.00	3,817.50
Total 6300 · Payroll Expenses	0.00	0.00	0.00	41,918.70	0.00	41,918.70
6349 · Stationery	0.00	0.00	0.00	99.97	0.00	99.97
6350 · Payroll Taxes						
6351 · FICA	0.00	0.00	0.00	2,598.94	0.00	2,598.94
6352 · Medicare	0.00	0.00	0.00	607.83	0.00	607.83
6358 · NC SUI	0.00	0.00	0.00	107.72	0.00	107.72
Total 6350 · Payroll Taxes	0.00	0.00	0.00	3,314.49	0.00	3,314.49
6370 · Travel						
6371 · Airfare	0.00	0.00	0.00	313.00	0.00	313.00
6372 · Hotel	0.00	72.70	0.00	0.00	0.00	72.70
6373 · Meals	0.00	181.36	0.00	143.00	0.00	324.36
6375 · Taxi	0.00	0.00	0.00	218.00	0.00	218.00
6377 · Transit Check	0.00	0.00	0.00	448.80	0.00	448.80
Total 6370 · Travel	0.00	254.06	0.00	1,122.80	0.00	1,376.86
Total Expense	31.09	441.79	0.00	51,854.76	0.00	52,327.64
Net Ordinary Income	-31.09	-441.79	0.00	21,145.25	261.61	20,933.98
Other Income/Expense						

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BAC 190

CASI ENTITIES
KA-849
Profit & Loss by Class
May 2003

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING	TOTAL
Other Expense						
6500 · Payroll Clearing Account						
6516 · Credits Net Payroll Clearing Ac	0.00	-29,289.25	0.00	0.00	0.00	-29,289.25
Total 6500 · Payroll Clearing Account	0.00	-29,289.25	0.00	0.00	0.00	-29,289.25
7000 · Bank Transfer						
7004 · CASI Co-Funding via Propay	0.00	29,289.25	0.00	0.00	0.00	29,289.25
7007 · FROM ATP TO LLC IN	0.00	-61,500.00	0.00	0.00	0.00	-61,500.00
7008 · FROM ATP TO LLC OUT	0.00	0.00	0.00	61,500.00	0.00	61,500.00
7011 · FROM INC TO LLC IN	0.00	-521.53	0.00	0.00	0.00	-521.53
7012 · FROM INC TO LLC OUT	521.53	0.00	0.00	0.00	0.00	521.53
7013 · FROM LLC TO 8735 IN	0.00	0.00	0.00	-15,000.00	0.00	-15,000.00
7014 · FROM LLC TO 8735 OUT	0.00	15,000.00	0.00	0.00	0.00	15,000.00
7017 · FROM N LLC N TO LLC IN	0.00	0.00	-16,500.00	0.00	0.00	-16,500.00
7018 · FROM N LLC N TO LLC OUT	0.00	0.00	16,500.00	0.00	0.00	16,500.00
Total 7000 · Bank Transfer	521.53	-17,732.28	0.00	46,500.00	0.00	29,289.25
Total Other Expense	521.53	-47,021.53	0.00	46,500.00	0.00	0.00
Net Other Income	-521.53	47,021.53	0.00	-46,500.00	0.00	0.00
Net Income	-552.62	46,579.74	0.00	-25,354.75	261.61	20,933.98

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KA-850 7/24/10

Accrual Basis

CASI ENTITIES
KA-850
Profile & Loss by Class
April through June 2003

KA-850

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING
Ordinary Income/Expense					
Income					
4000 · Income					
4013 · Co-Funding via Out of Pocket	0.00	0.00	1,810.48	0.00	0.00
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	0.00	424.61
4020 · NIST ATP Income	0.00	0.00	0.00	173,500.00	0.00
4709 · FROM DBK TO NIST LLC A/C 1030	0.00	0.00	1,000.00	0.00	0.00
4912 · DBK For NIST ATP	0.00	0.00	0.00	0.00	5,195.00
Total 4000 · Income	0.00	0.00	N 2,810.48	N 173,500.00	N 5,719.61
Total Income	0.00	0.00	2,810.48	173,500.00	5,719.61
Expense					
5002 · AE-Airfare					
5005 · AE-Expedia	0.00	0.00	0.00	448.48	0.00
5006 · AE-Jetblue	0.00	0.00	0.00	306.50	0.00
Total 5002 · AE-Airfare	0.00	0.00	0.00	754.98	0.00
5007 · AE-Auto					
5008 · AE-Airport Parking	0.00	0.00	0.00	3.00	0.00
5011 · AE-Gas	0.00	0.00	0.00	17.75	0.00
Total 5007 · AE-Auto	0.00	0.00	0.00	20.75	0.00
5123 · AE-Books					
5124 · AE-Amazon	0.00	0.00	0.00	34.89	0.00
Total 5123 · AE-Books	0.00	0.00	0.00	34.89	0.00
5137 · AE-Domain Name	0.00	0.00	0.00	95.00	0.00
5138 · AE-Dues and Subscriptions	0.00	0.00	0.00	29.85	0.00
5139 · AE-Finance Charge	0.00	0.00	0.00	8.03	0.00
5140 · AE-Hardware					
5148 · AE-CFDT.Electronics	0.00	0.00	0.00	605.32	0.00
5155 · AE-Columbia Home	0.00	0.00	0.00	285.63	0.00
5157 · AE-Datavision	0.00	0.00	0.00	1,548.85	0.00
5168 · AE-IBM Direct	0.00	0.00	0.00	413.51	0.00
5140 · AE-Hardware - Other	0.00	0.00	0.00	36.20	0.00
Total 5140 · AE-Hardware	0.00	0.00	0.00	2,889.51	0.00
5189 · AE-Hotel	0.00	0.00	0.00	513.95	0.00
5190 · AE-Installation	0.00	0.00	0.00	324.05	0.00
5200 · AE-Internet					
5203 · AE-Expedia	0.00	0.00	0.00	24.99	0.00
Total 5200 · AE-Internet	0.00	0.00	0.00	24.99	0.00
5210 · AE-Meals	0.00	0.00	0.00	1,309.83	0.00
5220 · AE-Office					
5223 · AE-Eckerd	0.00	0.00	0.00	15.19	0.00

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Accrual Basis

CASI ENTITIES
Profit & Loss by Class
April through June 2003

KA-851

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING
5226 · AE-Office Depot	0.00	0.00	0.00	-108.31	0.00
5229 · AE-Radio Shack	0.00	0.00	0.00	234.10	0.00
Total 5220 · AE-Office	0.00	0.00	0.00	140.98	0.00
5260 · AE-Phone					
5263 · AE-Sierra Wyreless	0.00	0.00	0.00	104.74	0.00
Total 5260 · AE-Phone	0.00	0.00	0.00	104.74	0.00
5270 · AE-Postage					
5275 · AE-USPS	0.00	0.00	0.00	123.80	0.00
Total 5270 · AE-Postage	0.00	0.00	0.00	123.80	0.00
5299 · AE-Software					
5302 · AE-Digital River Soft	0.00	0.00	0.00	99.99	0.00
5306 · AE-GetInfo.Com	0.00	0.00	0.00	39.95	0.00
5311 · AE-MYNAI.Com	0.00	0.00	0.00	71.38	0.00
5312 · AE-Quickbooks	0.00	0.00	0.00	166.54	0.00
5313 · AE-Regnow	0.00	0.00	0.00	73.86	0.00
5315 · AE-Rhino	0.00	0.00	0.00	82.91	0.00
5316 · AE-Roxio	0.00	0.00	0.00	89.95	0.00
5319 · AE-Tehalchemy	0.00	0.00	0.00	19.95	0.00
5320 · AE-Visioneer	0.00	0.00	0.00	469.96	0.00
5323 · AE-Zippy.USA	0.00	0.00	0.00	426.00	0.00
Total 5299 · AE-Software	0.00	0.00	0.00	1,540.49	0.00
5369 · AE-Travel					
5373 · AE-Taxi and Limousine	0.00	0.00	0.00	18.39	0.00
5374 · AE-Train	0.00	0.00	0.00	8.55	0.00
Total 5369 · AE-Travel	0.00	0.00	0.00	26.94	0.00
6000 · Accounting					
6004 · Joan Hayes CPA	0.00	0.00	0.00	2,500.00	0.00
6005 · Ken Jackson	0.00	0.00	0.00	9,410.00	0.00
Total 6000 · Accounting	0.00	0.00	0.00	11,910.00	0.00
6010 · Auto					
6011 · Auto Rental	0.00	0.00	0.00	118.11	0.00
6012 · Exxon	0.00	0.00	0.00	175.20	0.00
6013 · Gas	0.00	0.00	0.00	28.80	0.00
6015 · Parking	0.00	227.00	366.00	20.00	0.00
6016 · Sunoco	0.00	0.00	0.00	96.24	0.00
6017 · Tolls	0.00	0.00	491.39	0.00	0.00
Total 6010 · Auto	0.00	227.00	857.39	438.35	0.00
6018 · Bank Charges	59.91	87.06	0.00	-120.00	0.00
6019 · Books	0.00	182.81	0.00	0.00	0.00
6020 · Communications					

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CASI ENTITIES
KA-852
Profit & Loss by Class
April through June 2003

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING
6021 · ATT	0.00	0.00	0.00	6.27	0.00
6022 · Cable	0.00	0.00	0.00	471.83	0.00
6024 · IDT	0.00	54.94	0.00	68.50	0.00
6026 · RCN	0.00	0.00	0.00	504.07	0.00
6028 · Skytel	49.90	48.69	0.00	50.48	0.00
6029 · Sprint	0.00	0.00	0.00	455.28	0.00
6030 · Thorn	0.00	0.00	0.00	1,673.30	0.00
6031 · TTMobile	0.00	0.00	0.00	36.97	0.00
6032 · Verizon	71.07	87.93	0.00	458.33	0.00
6035 · Vz Wireless	0.00	0.00	0.00	41.00	0.00
Total 6020 · Communications	120.97	191.56	0.00	3,766.03	0.00
6040 · Computer Installation					
6041 · Columbia	0.00	0.00	0.00	698.89	0.00
6044 · Homefront Hardware	0.00	0.00	0.00	1,768.94	0.00
6045 · Kips Bay Hardware	0.00	0.00	100.00	0.00	0.00
Total 6040 · Computer Installation	0.00	0.00	100.00	2,467.83	0.00
6050 · Conference	0.00	0.00	95.00	0.00	0.00
6053 · Dues and Subscriptions	0.00	-3.57	0.00	0.00	0.00
6060 · Employee Benefits					
6063 · Drugs	0.00	0.00	0.00	87.90	0.00
6064 · Gym Membership	0.00	0.00	0.00	244.50	0.00
6066 · Medical Reimbursed	0.00	0.00	0.00	180.11	5,295.00
6067 · Oxford Health	0.00	0.00	0.00	3,253.00	0.00
Total 6060 · Employee Benefits	0.00	0.00	0.00	3,765.51	5,295.00
6091 · Finance Charge	0.00	43.00	0.00	0.00	0.00
6092 · Honorarium	0.00	0.00	0.00	94.37	0.00
6093 · Insurance	0.00	0.00	0.00	-31.95	0.00
6120 · Miscellaneous	0.00	26.75	0.00	0.00	0.00
6130 · Office	0.00	291.25	0.00	83.36	0.00
6150 · Outside Service					
6154 · Bator Binter	0.00	0.00	0.00	6,476.42	0.00
6155 · D. Ferrand	0.00	0.00	0.00	1,200.00	0.00
Total 6150 · Outside Service	0.00	0.00	0.00	7,676.42	0.00
6170 · Paypal Payments	0.00	0.00	0.00	295.80	0.00
6175 · Postage & Delivery	0.00	0.00	0.00	88.46	0.00
6189 · Rent					
6193 · Rent for 2003	0.00	0.00	0.00	0.00	0.00
Total 6189 · Rent	0.00	0.00	0.00	0.00	0.00
6300 · Payroll Expenses					
6302 · Robert Benedict	0.00	0.00	0.00	20,515.38	0.00
6304 · James L. Cox emp	0.00	0.00	0.00	18,200.00	0.00
6306 · D.B. Karron	0.00	0.00	0.00	45,430.20	0.00

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CASI ENTITIES
KA-853
Profit & Loss by Class
 April through June 2003

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING
6307 · Charles La Salla	0.00	0.00	0.00	2,865.00	0.00
6310 · Matthew Rothman	0.00	0.00	0.00	10,095.00	0.00
Total 6300 · Payroll Expenses	0.00	0.00	0.00	97,105.58	0.00
6330 · Research and Development					
6333 · Denver Air Support	0.00	0.00	0.00	295.00	0.00
6337 · General Computer	0.00	0.00	0.00	3,984.00	0.00
6339 · Ricoh	0.00	0.00	0.00	500.00	0.00
6340 · Server Technology	0.00	0.00	0.00	3,149.80	0.00
6342 · Silicon City	0.00	0.00	0.00	2,591.95	0.00
6343 · Silicon Graphics	0.00	0.00	0.00	15,000.00	0.00
Total 6330 · Research and Development	0.00	0.00	0.00	25,520.75	0.00
6349 · Stationery	0.00	0.00	0.00	567.00	0.00
6350 · Payroll Taxes					
6351 · FICA	0.00	0.00	0.00	6,020.53	0.00
6352 · Medicare	0.00	0.00	0.00	1,408.04	0.00
6353 · FUTA	0.00	0.00	0.00	60.46	0.00
6354 · NYSUI	0.00	0.00	0.00	45.13	0.00
6358 · NC SUI	0.00	0.00	0.00	107.72	0.00
Total 6350 · Payroll Taxes	0.00	0.00	0.00	7,641.88	0.00
6370 · Travel					
6371 · Airfare	0.00	0.00	0.00	313.00	0.00
6372 · Hotel	0.00	72.70	0.00	0.00	0.00
6373 · Meals	0.00	941.67	425.09	143.00	0.00
6375 · Taxi	0.00	0.00	333.00	218.00	0.00
6377 · Transit Check	0.00	0.00	0.00	448.80	0.00
Total 6370 · Travel	0.00	1,014.37	758.09	1,122.80	0.00
6380 · Utilities	0.00	568.50	0.00	2,326.88	0.00
Total Expense	180.88	2,628.73	1,810.48	172,661.85	5,295.00
Net Ordinary Income	-180.88	-2,628.73	1,000.00	838.15	424.61
Other Income/Expense					
Other Expense					
6500 · Payroll Clearing Account					
6504 · Debits Net Payroll Clearing Acc	0.00	0.00	0.00	17,077.69	0.00
6516 · Credits Net Payroll Clearing Ac	0.00	-48,702.51	0.00	-17,077.69	0.00
Total 6500 · Payroll Clearing Account	0.00	-48,702.51	0.00	0.00	0.00
7000 · Bank Transfer					
7004 · CASI Co-Funding via Propay	0.00	48,702.51	0.00	0.00	0.00
7007 · FROM ATP TO LLC IN	0.00	-91,501.00	0.00	0.00	0.00
7008 · FROM ATP TO LLC OUT	0.00	0.00	0.00	91,501.00	0.00
7011 · FROM INC TO LLC IN	0.00	-521.53	0.00	0.00	0.00

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EXP

EXP

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CASI ENTITIES
KA-854
Profit & Loss by Class
April through June 2003

	INC	LLC	N LLC N	NIST ATP	NN CO FUNDING
7012 · FROM INC TO LLC OUT	521.53	0.00	0.00	0.00	0.00
7013 · FROM LLC TO 8735 IN	0.00	0.00	0.00	-15,000.00	0.00
7014 · FROM LLC TO 8735 OUT	0.00	15,000.00	0.00	0.00	0.00
7017 · FROM N LLC N TO LLC IN	0.00	0.00	-16,500.00	0.00	0.00
7018 · FROM N LLC N TO LLC OUT	0.00	0.00	16,500.00	0.00	0.00
7019 · FROM NIST LLC IN	0.00	-500.00	0.00	0.00	0.00
7020 · FROM NIST LLC OUT	0.00	0.00	500.00	0.00	0.00
Total 7000 · Bank Transfer	521.53	-28,820.02	500.00	76,501.00	0.00
Total Other Expense	521.53	-77,522.53	500.00	76,501.00	0.00
Net Other Income	-521.53	77,522.53	-500.00	-76,501.00	0.00
Net Income	-702.41	74,893.80	500.00	-75,662.85	424.61

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CASI ENTITIES
KA-855
Profit & Loss by Class
April through June 2003

	RENT	TOTAL
Ordinary Income/Expense		
Income		
4000 · Income		
4013 · Co-Funding via Out of Pocket	0.00	1,810.48
4014 · Co-Funding via Mastercard	0.00	424.61
4020 · NIST ATP Income	0.00	173,500.00
4709 · FROM DBK TO NIST LLC A/C 1030	0.00	1,000.00
4912 · DBK For NIST ATP	0.00	5,295.00
Total 4000 · Income	0.00	182,030.09
Total Income	0.00	182,030.09
Expense		
5002 · AE-Airfare		
5005 · AE-Expedia	0.00	448.48
5006 · AE-Jetblue	0.00	306.50
Total 5002 · AE-Airfare	0.00	754.98
5007 · AE-Auto		
5008 · AE-Airport Parking	0.00	3.00
5011 · AE-Gas	0.00	17.75
Total 5007 · AE-Auto	0.00	20.75
5123 · AE-Books		
5124 · AE-Amazon	0.00	34.89
Total 5123 · AE-Books	0.00	34.89
5137 · AE-Domain Name	0.00	95.00
5138 · AE-Dues and Subscriptions	0.00	29.85
5139 · AE-Finance Charge	0.00	8.03
5140 · AE-Hardware		
5148 · AE-CFDT.Electronics	0.00	605.32
5155 · AE-Columbia Home	0.00	285.63
5157 · AE-Datavision	0.00	1,548.85
5168 · AE-IBM Direct	0.00	413.51
5140 · AE-Hardware - Other	0.00	36.20
Total 5140 · AE-Hardware	0.00	2,889.51
5189 · AE-Hotel	0.00	513.95
5190 · AE-Installation	0.00	324.05
5200 · AE-Internet		
5203 · AE-Expedia	0.00	24.99
Total 5200 · AE-Internet	0.00	24.99
5210 · AE-Meals	0.00	1,309.83
5220 · AE-Office		
5223 · AE-Eckerd	0.00	15.19

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CASI ENTITIES
Profit & Loss by Class
April through June 2003

	RENT	TOTAL
5226 · AE-Office Depot	0.00	-108.31
5229 · AE-Radio Shack	0.00	234.10
Total 5220 · AE-Office	0.00	140.98
5260 · AE-Phone		
5263 · AE-Sierra Wyreless	0.00	104.74
Total 5260 · AE-Phone	0.00	104.74
5270 · AE-Postage		
5275 · AE-USPS	0.00	123.80
Total 5270 · AE-Postage	0.00	123.80
5299 · AE-Software		
5302 · AE-Digiatl River Soft	0.00	99.99
5306 · AE-GetInfo.Com	0.00	39.95
5311 · AE-MYNAL.Com	0.00	71.38
5312 · AE-Quickbooks	0.00	166.54
5313 · AE-Regnow	0.00	73.86
5315 · AE-Rhino	0.00	82.91
5316 · AE-Roxio	0.00	89.95
5319 · AE-Tehalchemy	0.00	19.95
5320 · AE-Visioneer	0.00	469.96
5323 · AE-Zippy.USA	0.00	426.00
Total 5299 · AE-Software	0.00	1,540.49
5369 · AE-Travel		
5373 · AE-Taxi and Limousine	0.00	18.39
5374 · AE-Train	0.00	8.55
Total 5369 · AE-Travel	0.00	26.94
6000 · Accounting		
6004 · Joan Hayes CPA	0.00	2,500.00
6005 · Ken Jackson	0.00	9,410.00
Total 6000 · Accounting	0.00	11,910.00
6010 · Auto		
6011 · Auto Rental	0.00	118.11
6012 · Exxon	0.00	175.20
6013 · Gas	0.00	28.80
6015 · Parking	0.00	613.00
6016 · Sunoco	0.00	96.24
6017 · Tolls	0.00	491.39
Total 6010 · Auto	0.00	1,522.74
6018 · Bank Charges	0.00	26.97
6019 · Books	0.00	182.81
6020 · Communications		

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Accrual Basis

CASE 1:08-cv-10223-NRB
KA-857
Profit & Loss by Class
April through June 2003

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	RENT	TOTAL
6021 · ATT	0.00	6.27
6022 · Cable	0.00	471.83
6024 · IDT	0.00	123.44
6026 · RCN	0.00	504.07
6028 · Skytel	0.00	149.07
6029 · Sprint	0.00	455.28
6030 · Thorn	0.00	1,673.30
6031 · TTMobile	0.00	36.97
6032 · Verizon	0.00	617.33
6035 · Vz Wireless	0.00	41.00
Total 6020 · Communications	0.00	4,078.56
6040 · Computer Installation		
6041 · Columbia	0.00	698.89
6044 · Homefront Hardware	0.00	1,768.94
6045 · Kips Bay Hardware	0.00	100.00
Total 6040 · Computer Installation	0.00	2,567.83
6050 · Conference	0.00	95.00
6053 · Dues and Subscriptions	0.00	-3.57
6060 · Employee Benefits		
6063 · Drugs	0.00	87.90
6064 · Gym Membership	0.00	244.50
6066 · Medical Reimbursed	0.00	5,475.11
6067 · Oxford Health	0.00	3,253.00
Total 6060 · Employee Benefits	0.00	9,060.51
6091 · Finance Charge	0.00	43.00
6092 · Honorarium	0.00	94.37
6093 · Insurance	0.00	-31.95
6120 · Miscellaneous	0.00	26.75
6130 · Office	0.00	374.61
6150 · Outside Service		
6154 · Bator Binton	0.00	6,476.42
6155 · D. Ferrand	0.00	1,200.00
Total 6150 · Outside Service	0.00	7,676.42
6170 · Paypal Payments	0.00	295.80
6175 · Postage & Delivery	0.00	88.46
6189 · Rent		
6193 · Rent for 2003	2,000.00	2,000.00
Total 6189 · Rent	2,000.00	2,000.00
6300 · Payroll Expenses		
6302 · Robert Benedict	0.00	20,515.38
6304 · James L. Cox emp	0.00	18,200.00
6306 · D.B. Karron	0.00	45,430.20

CASIENT, INC.
KA-858
Profit & Loss by Class
April through June 2003

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	RENT	TOTAL
6307 · Charles La Salla	0.00	2,865.00
6310 · Matthew Rothman	0.00	10,095.00
Total 6300 · Payroll Expenses	0.00	97,105.58
6330 · Research and Development		
6333 · Denver Air Support	0.00	295.00
6337 · General Computer	0.00	3,984.00
6339 · Ricoh	0.00	500.00
6340 · Server Technology	0.00	3,149.80
6342 · Silicon City	0.00	2,591.95
6343 · Silicon Graphics	0.00	15,000.00
Total 6330 · Research and Development	0.00	25,520.75
6349 · Stationery	0.00	567.00
6350 · Payroll Taxes		
6351 · FICA	0.00	6,020.53
6352 · Medicare	0.00	1,408.04
6353 · FUTA	0.00	60.46
6354 · NYSUI	0.00	45.13
6358 · NC SUI	0.00	107.72
Total 6350 · Payroll Taxes	0.00	7,641.88
6370 · Travel		
6371 · Airfare	0.00	313.00
6372 · Hotel	0.00	72.70
6373 · Meals	0.00	1,509.76
6375 · Taxi	0.00	551.00
6377 · Transit Check	0.00	448.80
Total 6370 · Travel	0.00	2,895.26
6380 · Utilities	0.00	2,895.38
Total Expense	2,000.00	184,576.94
Net Ordinary Income	-2,000.00	-2,546.85
Other Income/Expense		
Other Expense		
6500 · Payroll Clearing Account		
6504 · Debits Net Payroll Clearing Acc	0.00	17,077.69
6516 · Credits Net Payroll Clearing Ac	0.00	-65,780.20
Total 6500 · Payroll Clearing Account	0.00	-48,702.51
7000 · Bank Transfer		
7004 · CASI Co-Funding via Propay	0.00	48,702.51
7007 · FROM ATP TO LLC IN	0.00	-91,501.00
7008 · FROM ATP TO LLC OUT	0.00	91,501.00
7011 · FROM INC TO LLC IN	0.00	-521.53

07/24/10
Accrual Basis

Profit & Loss by Class
April through June 2003

	RENT	TOTAL
7012 - FROM INC TO LLC OUT	0.00	521.53
7013 - FROM LLC TO 8735 IN	0.00	-15,000.00
7014 - FROM LLC TO 8735 OUT	0.00	15,000.00
7017 - FROM N LLC N TO LLC IN	0.00	-16,500.00
7018 - FROM N LLC N TO LLC OUT	0.00	16,500.00
7019 - FROM NIST LLC IN	0.00	-500.00
7020 - FROM NIST LLC OUT	0.00	500.00
Total 7000 - Bank Transfer	0.00	48,702.51
Total Other Expense	0.00	0.00
Net Other Income	0.00	0.00
Net Income	-2,000.00	-2,546.85

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CASE 1:08-cv-10223-NRB
Profit & Loss by Class
July 2003

	LLC	N LLC N	NIST ATP	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4711 · FROM DBK TO LLC A/C 1020	0.00	46,000.00	0.00	46,000.00
Total 4000 · Income	0.00	46,000.00	0.00	46,000.00
Total Income	0.00	46,000.00	0.00	46,000.00
Expense				
5007 · AE-Auto				
5011 · AE-Gas	0.00	0.00	21.35	21.35
Total 5007 · AE-Auto	0.00	0.00	21.35	21.35
5138 · AE-Dues and Subscriptions	0.00	0.00	282.95	282.95
5140 · AE-Hardware				
5143 · AE-ADOBE.Com	0.00	0.00	168.13	168.13
5148 · AE-CFDT.Electronics	0.00	0.00	107.83	107.83
Total 5140 · AE-Hardware	0.00	0.00	275.96	275.96
5210 · AE-Meals	0.00	0.00	464.76	464.76
5220 · AE-Office				
5226 · AE-Office Depot	0.00	0.00	108.31	108.31
5230 · AE-RiteAid	0.00	0.00	6.26	6.26
Total 5220 · AE-Office	0.00	0.00	114.57	114.57
5299 · AE-Software				
5307 · AE-Iris Inc.	0.00	0.00	129.99	129.99
Total 5299 · AE-Software	0.00	0.00	129.99	129.99
5369 · AE-Travel				
5371 · AE-Luggage Carts	0.00	0.00	4.00	4.00
5373 · AE-Taxi and Limousine	0.00	0.00	214.00	214.00
Total 5369 · AE-Travel	0.00	0.00	218.00	218.00
6000 · Accounting				
6005 · Ken Jackson	0.00	1,790.00	0.00	1,790.00
Total 6000 · Accounting	0.00	1,790.00	0.00	1,790.00
6010 · Auto				
6011 · Auto Rental	0.00	657.11	0.00	657.11
6013 · Gas	0.00	42.22	0.00	42.22
6015 · Parking	0.00	56.00	0.00	56.00
6016 · Sunoco	0.00	14.00	0.00	14.00
6017 · Tolls	0.00	28.20	0.00	28.20
Total 6010 · Auto	0.00	797.53	0.00	797.53
6018 · Bank Charges	43.00	0.00	0.00	43.00

BAC 202

07/24/10
Accrual Basis

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CASE AT 861
Profit & Loss by Class
July 2003

	LLC	N LLC N	NIST ATP	TOTAL
6020 • Communications				
6029 • Sprint	0.00	134.22	0.00	134.22
6030 • Thorn	0.00	75.00	0.00	75.00
Total 6020 • Communications	0.00	209.22	0.00	209.22
6040 • Computer Installation				
6044 • Homefront Hardware	0.00	957.69	0.00	957.69
Total 6040 • Computer Installation	0.00	957.69	0.00	957.69
6060 • Employee Benefits				
6063 • Drugs	109.90	0.00	0.00	109.90
6064 • Gym Membership	81.50	0.00	0.00	81.50
Total 6060 • Employee Benefits	191.40	0.00	0.00	191.40
6093 • Insurance	-1.20	457.85	-1.20	455.45
6120 • Miscellaneous	195.77	0.00	0.00	195.77
6130 • Office	92.45	0.00	0.00	92.45
6150 • Outside Service				
6155 • D. Ferrand	0.00	100.00	0.00	100.00
Total 6150 • Outside Service	0.00	100.00	0.00	100.00
6300 • Payroll Expenses				
6310 • Matthew Rothman	1,200.00	0.00	1,582.50	2,782.50
Total 6300 • Payroll Expenses	1,200.00	0.00	1,582.50	2,782.50
6315 • Payroll Processing	0.00	0.00	175.65	175.65
6330 • Research and Development				
6337 • General Computer	0.00	140.00	0.00	140.00
Total 6330 • Research and Development	0.00	140.00	0.00	140.00
6350 • Payroll Taxes				
6351 • FICA	74.40	0.00	98.11	172.51
6352 • Medicare	17.40	0.00	22.95	40.35
Total 6350 • Payroll Taxes	91.80	0.00	121.06	212.86
6370 • Travel				
6371 • Airfare	0.00	510.50	0.00	510.50
6372 • Hotel	0.00	2,126.50	0.00	2,126.50
6373 • Meals	413.72	551.00	0.00	964.72
6375 • Taxi	0.00	40.00	0.00	40.00
6376 • Train	9.50	0.00	0.00	9.50
Total 6370 • Travel	423.22	3,228.00	0.00	3,651.22
Total Expense	2,236.44	7,680.29	3,385.59	13,302.32
Net Ordinary Income	-2,236.44	38,319.71	-3,385.59	32,697.68

EXP

EXP

BAC 203

CASI ENTITIES
Profit & Loss by Class
July 2003

	LLC	N LLC N	NIST ATP	TOTAL
Other Income/Expense				
Other Income				
6391 · Deposits to Bank ???	0.00	0.00	45.64	45.64
Total Other Income	0.00	0.00	45.64	45.64
Other Expense				
6500 · Payroll Clearing Account				
6516 · Credits Net Payroll Clearing Ac	-2,081.18	0.00	0.00	-2,081.18
Total 6500 · Payroll Clearing Account	-2,081.18	0.00	0.00	-2,081.18
7000 · Bank Transfer				
7001 · CASI Co-funding Rec'd by NIST	0.00	-45,000.00	0.00	-45,000.00
7002 · CASI Co-Funding to NIST ATP	45,000.00	0.00	0.00	45,000.00
7004 · CASI Co-Funding via Propay	2,081.18	0.00	0.00	2,081.18
7008 · FROM ATP TO LLC OUT	0.00	0.00	162.91	162.91
7013 · FROM LLC TO 8735 IN	0.00	0.00	-800.00	-800.00
7014 · FROM LLC TO 8735 OUT	0.00	800.00	0.00	800.00
7015 · FROM LLC TO NIST LLC IN	0.00	-1,000.00	0.00	-1,000.00
7016 · FROM LLC TO NIST LLC OUT	1,000.00	0.00	0.00	1,000.00
7019 · FROM NIST LLC IN	-3,500.00	0.00	0.00	-3,500.00
7020 · FROM NIST LLC OUT	0.00	3,500.00	0.00	3,500.00
Total 7000 · Bank Transfer	44,581.18	-41,700.00	-637.09	2,244.09
Total Other Expense	42,500.00	-41,700.00	-637.09	162.91
Net Other Income	-42,500.00	41,700.00	682.73	-117.27
Net Income	-44,736.44	80,019.71	-2,702.86	32,580.41

BAC 204

CASE 1:08-cv-10223-NRB
Profit & Loss by Class
August 2003

	LLC	N LLC N	NIST ATP	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4711 · FROM DBK TO LLC A/C 1020	0.00	25,000.00	0.00	25,000.00
4912 · DBK For NIST ATP	2,000.00	0.00	0.00	2,000.00
Total 4000 · Income	2,000.00	25,000.00	0.00	27,000.00
Total Income	2,000.00	25,000.00	0.00	27,000.00
Expense				
5138 · AE-Dues and Subscriptions	9.95	0.00	0.00	9.95
5140 · AE-Hardware				
5148 · AE-CFDT.Electronics	107.83	0.00	0.00	107.83
Total 5140 · AE-Hardware	107.83	0.00	0.00	107.83
5200 · AE-Internet				
5201 · AE-Amtrak	57.00	0.00	0.00	57.00
Total 5200 · AE-Internet	57.00	0.00	0.00	57.00
5270 · AE-Postage				
5275 · AE-USPS	145.88	0.00	0.00	145.88
Total 5270 · AE-Postage	145.88	0.00	0.00	145.88
5369 · AE-Travel				
5374 · AE-Train	42.00	0.00	0.00	42.00
Total 5369 · AE-Travel	42.00	0.00	0.00	42.00
6000 · Accounting				
6005 · Ken Jackson	0.00	1,130.00	0.00	1,130.00
6006 · Spitz & Greenstein	1,000.00	0.00	0.00	1,000.00
Total 6000 · Accounting	1,000.00	1,130.00	0.00	2,130.00
6010 · Auto				
6012 · Exxon	41.50	65.72	0.00	107.22
6016 · Sunoco	14.21	0.00	0.00	14.21
Total 6010 · Auto	55.71	65.72	0.00	121.43
6020 · Communications				
6022 · Cable	113.65	0.00	0.00	113.65
6024 · IDT	54.96	0.00	0.00	54.96
6028 · Skytel	101.59	0.00	0.00	101.59
6030 · Thorn	75.00	75.00	0.00	150.00
6032 · Verizon	309.62	0.00	0.00	309.62
6034 · Voicestream Wireless	81.74	0.00	0.00	81.74
Total 6020 · Communications	736.56	75.00	0.00	811.56
6060 · Employee Benefits				

BAC 205

07/24/10
Accrual Basis

CASE AT 864
Profit & Loss by Class
August 2003

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	LLC	N LLC N	NIST ATP	TOTAL
6063 · Drugs	213.28	0.00	0.00	213.28
6064 · Gym Membership	81.50	0.00	0.00	81.50
6066 · Medical Reimbursed	5,202.79	0.00	0.00	5,202.79
6067 · Oxford Health	813.25	0.00	0.00	813.25
Total 6060 · Employee Benefits	6,310.82	0.00	0.00	6,310.82
6091 · Finance Charge	29.14	0.00	0.00	29.14
6093 · Insurance	-1.20	0.00	0.00	-1.20
6100 · Legal				
6107 · Schwartz & Salomon	1,000.00	0.00	0.00	1,000.00
Total 6100 · Legal	1,000.00	0.00	0.00	1,000.00
6130 · Office	56.95	0.00	0.00	56.95
6178 · Repairs				
6180 · General	35.87	0.00	0.00	35.87
Total 6178 · Repairs	35.87	0.00	0.00	35.87
6300 · Payroll Expenses				
6310 · Matthew Rothman	1,200.00	0.00	0.00	1,200.00
Total 6300 · Payroll Expenses	1,200.00	0.00	0.00	1,200.00
6315 · Payroll Processing	0.00	0.00	20.35	20.35
6349 · Stationery	0.00	233.17	0.00	233.17
6350 · Payroll Taxes				
6351 · FICA	74.40	0.00	0.00	74.40
6352 · Medicare	17.40	0.00	0.00	17.40
Total 6350 · Payroll Taxes	91.80	0.00	0.00	91.80
6370 · Travel				
6373 · Meals	654.35	0.00	0.00	654.35
Total 6370 · Travel	654.35	0.00	0.00	654.35
6380 · Utilities	684.45	369.45	0.00	1,053.90
Total Expense	12,217.11	1,873.34	20.35	14,110.80
Net Ordinary Income	-10,217.11	23,126.66	-20.35	12,889.20
Other Income/Expense				
Other Expense				
6500 · Payroll Clearing Account				
6516 · Credits Net Payroll Clearing Ac	-921.16	0.00	0.00	-921.16
Total 6500 · Payroll Clearing Account	-921.16	0.00	0.00	-921.16
7000 · Bank Transfer				
7004 · CASI Co-Funding via Propay	921.16	0.00	0.00	921.16
7007 · FROM ATP TO LLC IN	0.00	-162.91	0.00	-162.91
7019 · FROM NIST LLC IN	-1,600.00	0.00	0.00	-1,600.00

BAC 206

CAS ENTITIES
KA-865
Profit & Loss by Class
August 2003

	LLC	N LLC N	NIST ATP	TOTAL
7020 · FROM NIST LLC OUT	0.00	1,600.00	0.00	1,600.00
Total 7000 · Bank Transfer	-678.84	1,437.09	0.00	758.25
Total Other Expense	-1,600.00	1,437.09	0.00	-162.91
Net Other Income	1,600.00	-1,437.09	0.00	162.91
Net Income	-8,617.11	21,689.57	-20.35	13,052.11

KA-866

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8/24/10

Accrual Basis

CASI ENTITIES
Profit & Loss by Class
 July through December 2003

KA-866

	INC	LLC	N LLC N	NIST ATP	RENT
Ordinary Income/Expense					
Income					
4000 · Income					
4711 · FROM DBK TO LLC A/C 1020	0.00	4,494.00	71,000.00	0.00	0.00
4912 · DBK For NIST ATP	0.00	2,000.00	0.00	0.00	0.00
Total 4000 · Income	0.00	6,494.00	71,000.00	0.00	0.00
Total Income	0.00	6,494.00	N 71,000.00	0.00	0.00
Expense					
5007 · AE-Auto					
5011 · AE-Gas	0.00	0.00	0.00	21.35	0.00
Total 5007 · AE-Auto	0.00	0.00	0.00	21.35	0.00
5138 · AE-Dues and Subscriptions	0.00	49.75	0.00	282.95	0.00
5140 · AE-Hardware					
5143 · AE-ADOBE.Com	0.00	0.00	0.00	168.13	0.00
5148 · AE-CFDT.Electronics	0.00	539.15	0.00	107.83	0.00
5157 · AE-Datavision	0.00	179.97	0.00	0.00	0.00
5166 · AE-Grainger	0.00	84.45	0.00	0.00	0.00
Total 5140 · AE-Hardware	0.00	803.57	0.00	275.96	0.00
5200 · AE-Internet					
5201 · AE-Amtrak	0.00	57.00	0.00	0.00	0.00
Total 5200 · AE-Internet	0.00	57.00	0.00	0.00	0.00
5210 · AE-Meals	0.00	163.18	0.00	464.76	0.00
5220 · AE-Office					
5226 · AE-Office Depot	0.00	75.97	0.00	108.31	0.00
5230 · AE-RiteAid	0.00	0.00	0.00	6.26	0.00
Total 5220 · AE-Office	0.00	75.97	0.00	114.57	0.00
5260 · AE-Phone					
5261 · AE-IDT	0.00	128.20	0.00	0.00	0.00
5264 · AE-Skytel	0.00	50.18	0.00	0.00	0.00
5265 · AE-Sprint	0.00	349.81	0.00	0.00	0.00
5266 · AE-Telephone	0.00	1.00	0.00	0.00	0.00
Total 5260 · AE-Phone	0.00	529.19	0.00	0.00	0.00
5270 · AE-Postage					
5275 · AE-USPS	0.00	400.08	0.00	0.00	0.00
Total 5270 · AE-Postage	0.00	400.08	0.00	0.00	0.00
5299 · AE-Software					
5307 · AE-Iris Inc.	0.00	0.00	0.00	129.99	0.00
5322 · AE-WWW.RTT.Com	0.00	39.74	0.00	0.00	0.00

BAC 208

CASI ENTITIES
KA-867
Profit & Loss by Class
July through December 2003

	INC	LLC	N LLC N	NIST ATP	RENT
Total 5299 · AE-Software	0.00	39.74	0.00	129.99	0.00
5369 · AE-Travel					
5371 · AE-Luggage Carts	0.00	0.00	0.00	4.00	0.00
5373 · AE-Taxi and Limousine	0.00	0.00	0.00	214.00	0.00
5374 · AE-Train	0.00	42.00	0.00	0.00	0.00
Total 5369 · AE-Travel	0.00	42.00	0.00	218.00	0.00
6000 · Accounting					
6001 · Joseph Cornwall	0.00	2,945.10	0.00	0.00	0.00
6005 · Ken Jackson	0.00	0.00	2,920.00	0.00	0.00
6006 · Spitz & Greenstein	0.00	13,000.00	0.00	0.00	0.00
Total 6000 · Accounting	0.00	15,945.10	2,920.00	0.00	0.00
6010 · Auto					
6011 · Auto Rental	0.00	0.00	657.11	0.00	0.00
6012 · Exxon	0.00	440.25	65.72	0.00	0.00
6013 · Gas	0.00	88.96	321.72	0.00	0.00
6015 · Parking	0.00	473.87	232.00	0.00	0.00
6016 · Sunoco	0.00	126.70	14.00	0.00	0.00
6017 · Tolls	0.00	277.66	72.20	0.00	0.00
Total 6010 · Auto	0.00	1,407.44	1,362.75	0.00	0.00
6018 · Bank Charges	0.01	211.43	13.00	0.01	0.00
6020 · Communications					
6021 · ATT	0.00	43.26	0.00	0.00	0.00
6022 · Cable	0.00	782.80	161.61	0.00	0.00
6024 · IDT	0.00	111.12	0.00	0.00	0.00
6028 · Skytel	0.00	257.38	0.00	0.00	0.00
6029 · Sprint	0.00	158.53	134.22	0.00	0.00
6030 · Thorn	0.00	525.00	150.00	0.00	0.00
6031 · TTMobile	0.00	1.33	0.00	0.00	0.00
6032 · Verizon	0.00	1,236.84	39.86	0.00	0.00
6034 · Voicestream Wireless	0.00	81.74	0.00	0.00	0.00
6035 · Vz Wireless	0.00	88.30	81.62	0.00	0.00
Total 6020 · Communications	0.00	3,286.30	567.31	0.00	0.00
6040 · Computer Installation					
6041 · Columbia	0.00	533.91	0.00	0.00	0.00
6044 · Homefront Hardware	0.00	1,181.34	1,358.27	0.00	0.00
Total 6040 · Computer Installation	0.00	1,715.25	1,358.27	0.00	0.00
6050 · Conference	0.00	1,525.60	80.00	0.00	0.00
6051 · Depreciation	0.00	8,391.00	0.00	0.00	0.00
6053 · Dues and Subscriptions	0.00	150.95	0.00	0.00	0.00
6060 · Employee Benefits					
6063 · Drugs	0.00	895.13	0.00	0.00	0.00

BAC 209

CASI ENTITIES
KA-868
Profit & Loss by Class
July through December 2003

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	INC	LLC	N LLC N	NIST ATP	RENT
6064 · Gym Membership	0.00	1,180.26	0.00	0.00	0.00
6066 · Medical Reimbursed	0.00	9,782.79	0.00	0.00	0.00
6067 · Oxford Health	0.00	5,814.06	0.00	0.00	0.00
Total 6060 · Employee Benefits	0.00	17,672.24	0.00	0.00	0.00
6090 · Equipment Repairs	0.00	158.50	0.00	0.00	0.00
6091 · Finance Charge	0.00	143.14	0.00	0.00	0.00
6093 · Insurance	0.00	157.40	457.85	-1.20	0.00
6100 · Legal					
6107 · Schwartz & Salomon	0.00	1,972.00	0.00	0.00	0.00
6108 · Scialabba and Associates	0.00	3,000.00	0.00	0.00	0.00
Total 6100 · Legal	0.00	4,972.00	0.00	0.00	0.00
6120 · Miscellaneous	0.00	195.77	0.00	0.00	0.00
6130 · Office	0.00	789.62	0.00	0.00	0.00
6150 · Outside Service					
6154 · Bator Bintor	0.00	0.00	2,600.00	0.00	0.00
6155 · D. Ferrand	0.00	200.00	100.00	0.00	0.00
Total 6150 · Outside Service	0.00	200.00	2,700.00	0.00	0.00
6175 · Postage & Delivery	0.00	203.53	0.00	0.00	0.00
6178 · Repairs					
6180 · General	0.00	77.35	0.00	0.00	0.00
6178 · Repairs - Other	0.00	100.00	0.00	0.00	0.00
Total 6178 · Repairs	0.00	177.35	0.00	0.00	0.00
6189 · Rent					
6193 · Rent for 2003	0.00	0.00	0.00	0.00	16,000.00
Total 6189 · Rent	0.00	0.00	0.00	0.00	16,000.00
6300 · Payroll Expenses					
6310 · Matthew Rothman	0.00	9,600.00	0.00	1,582.50	0.00
Total 6300 · Payroll Expenses	0.00	9,600.00	0.00	1,582.50	0.00
6315 · Payroll Processing	0.00	0.00	0.00	295.60	0.00
6330 · Research and Development					
6332 · American Media Systems	0.00	65.00	0.00	0.00	0.00
6337 · General Computer	0.00	5,136.00	1,689.00	0.00	0.00
6342 · Silicon City	0.00	6,446.62	6,000.00	0.00	0.00
6330 · Research and Development - Other	0.00	128.99	0.00	0.00	0.00
Total 6330 · Research and Development	0.00	11,776.61	7,689.00	0.00	0.00
6349 · Stationery	0.00	347.38	233.17	0.00	0.00
6350 · Payroll Taxes					
6351 · FICA	0.00	595.20	0.00	98.11	0.00
6352 · Medicare	0.00	139.20	0.00	22.95	0.00

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KA-869

7/24/10

Accrual Basis

CASI ENTITIES
Profit & Loss by Class
 July through December 2003

KA-869

	INC	LLC	N LLC N	NIST ATP	RENT
Total 6350 · Payroll Taxes	0.00	734.40	0.00	121.06	0.00
6370 · Travel					
6371 · Airfare	0.00	0.00	510.50	0.00	0.00
6372 · Hotel	0.00	0.00	2,126.50	0.00	0.00
6373 · Meals	0.00	2,418.46	551.00	0.00	0.00
6375 · Taxi	0.00	401.00	40.00	0.00	0.00
6376 · Train	0.00	43.00	0.00	0.00	0.00
Total 6370 · Travel	0.00	2,862.46	3,228.00	0.00	0.00
6380 · Utilities	0.00	3,829.16	369.45	0.00	0.00
Total Expense	0.01	88,613.11	EXP 20,978.80	EXP 3,505.55	16,000.00
Net Ordinary Income	-0.01	-82,119.11	50,021.20	-3,505.55	-16,000.00
Other Income/Expense					
Other Income					
6391 · Deposits to Bank ???	0.00	0.00	0.00	45.64	0.00
Total Other Income	0.00	0.00	0.00	45.64	0.00
Other Expense					
6500 · Payroll Clearing Account					
6516 · Credits Net Payroll Clearing Ac	0.00	-4,844.66	0.00	0.00	0.00
Total 6500 · Payroll Clearing Account	0.00	-4,844.66	0.00	0.00	0.00
7000 · Bank Transfer					
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	-45,000.00	0.00	0.00
7002 · CASI Co-Funding to NIST ATP	0.00	45,000.00	0.00	0.00	0.00
7004 · CASI Co-Funding via Propay	0.00	4,844.66	0.00	0.00	0.00
7007 · FROM ATP TO LLC IN	0.00	0.00	-162.91	0.00	0.00
7008 · FROM ATP TO LLC OUT	0.00	0.00	0.00	162.91	0.00
7013 · FROM LLC TO 8735 IN	0.00	0.00	0.00	-800.00	0.00
7014 · FROM LLC TO 8735 OUT	0.00	0.00	800.00	0.00	0.00
7015 · FROM LLC TO NIST LLC IN	0.00	0.00	-1,000.00	0.00	0.00
7016 · FROM LLC TO NIST LLC OUT	0.00	1,000.00	0.00	0.00	0.00
7019 · FROM NIST LLC IN	0.00	-8,114.00	0.00	0.00	0.00
7020 · FROM NIST LLC OUT	0.00	0.00	8,114.00	0.00	0.00
Total 7000 · Bank Transfer	0.00	42,730.66	-37,248.91	-637.09	0.00
Total Other Expense	0.00	37,886.00	-37,248.91	-637.09	0.00
Net Other Income	0.00	-37,886.00	37,248.91	682.73	0.00
Net Income	-0.01	-120,005.11	87,270.11	-2,822.82	-16,000.00

BAC 211

CASI ENTITIES
Profit & Loss by Class
July through December 2003

KA-870

	TOTAL
Ordinary Income/Expense	
Income	
4000 · Income	
4711 · FROM DBK TO LLC A/C 1020	75,494.00
4912 · DBK For NIST ATP	2,000.00
Total 4000 · Income	77,494.00
Total Income	77,494.00
Expense	
5007 · AE-Auto	
5011 · AE-Gas	21.35
Total 5007 · AE-Auto	21.35
5138 · AE-Dues and Subscriptions	332.70
5140 · AE-Hardware	
5143 · AE-ADOBE.Com	168.13
5148 · AE-CFDT.Electronics	646.98
5157 · AE-Datavision	179.97
5166 · AE-Grainger	84.45
Total 5140 · AE-Hardware	1,079.53
5200 · AE-Internet	
5201 · AE-Amtrak	57.00
Total 5200 · AE-Internet	57.00
5210 · AE-Meals	627.94
5220 · AE-Office	
5226 · AE-Office Depot	184.28
5230 · AE-RiteAid	6.26
Total 5220 · AE-Office	190.54
5260 · AE-Phone	
5261 · AE-IDT	128.20
5264 · AE-Skytel	50.18
5265 · AE-Sprint	349.81
5266 · AE-Telephone	1.00
Total 5260 · AE-Phone	529.19
5270 · AE-Postage	
5275 · AE-USPS	400.08
Total 5270 · AE-Postage	400.08
5299 · AE-Software	
5307 · AE-Iris Inc.	129.99
5322 · AE-WWW.RTT.Com	39.74

CASI ENTITIES
KA-871
Profit & Loss by Class
July through December 2003

	TOTAL
Total 5299 · AE-Software	169.73
5369 · AE-Travel	
5371 · AE-Luggage Carts	4.00
5373 · AE-Taxi and Limousine	214.00
5374 · AE-Train	42.00
Total 5369 · AE-Travel	260.00
6000 · Accounting	
6001 · Joseph Cornwall	2,945.10
6005 · Ken Jackson	2,920.00
6006 · Spitz & Greenstein	13,000.00
Total 6000 · Accounting	18,865.10
6010 · Auto	
6011 · Auto Rental	657.11
6012 · Exxon	505.97
6013 · Gas	410.68
6015 · Parking	705.87
6016 · Sunoco	140.70
6017 · Tolls	349.86
Total 6010 · Auto	2,770.19
6018 · Bank Charges	224.45
6020 · Communications	
6021 · ATT	43.26
6022 · Cable	944.41
6024 · IDT	111.12
6028 · Skytel	257.38
6029 · Sprint	292.75
6030 · Thorn	675.00
6031 · TTMobile	1.33
6032 · Verizon	1,276.70
6034 · Voicestream Wireless	81.74
6035 · Vz Wireless	169.92
Total 6020 · Communications	3,853.61
6040 · Computer Installation	
6041 · Columbia	533.91
6044 · Homefront Hardware	2,539.61
Total 6040 · Computer Installation	3,073.52
6050 · Conference	1,605.60
6051 · Depreciation	8,391.00
6053 · Dues and Subscriptions	150.95
6060 · Employee Benefits	
6063 · Drugs	895.13

CASI ENTITIES
Profit & Loss by Class
July through December 2003

	TOTAL
6064 · Gym Membership	1,180.26
6066 · Medical Reimbursed	9,782.79
6067 · Oxford Health	5,814.06
Total 6060 · Employee Benefits	17,672.24
6090 · Equipment Repairs	158.50
6091 · Finance Charge	143.14
6093 · Insurance	614.05
6100 · Legal	
6107 · Schwartz & Salomon	1,972.00
6108 · Scialabba and Associates	3,000.00
Total 6100 · Legal	4,972.00
6120 · Miscellaneous	195.77
6130 · Office	789.62
6150 · Outside Service	
6154 · Bator Binton	2,600.00
6155 · D. Ferrand	300.00
Total 6150 · Outside Service	2,900.00
6175 · Postage & Delivery	203.53
6178 · Repairs	
6180 · General	77.35
6178 · Repairs - Other	100.00
Total 6178 · Repairs	177.35
6189 · Rent	
6193 · Rent for 2003	16,000.00
Total 6189 · Rent	16,000.00
6300 · Payroll Expenses	
6310 · Matthew Rothman	11,182.50
Total 6300 · Payroll Expenses	11,182.50
6315 · Payroll Processing	295.60
6330 · Research and Development	
6332 · American Media Systems	65.00
6337 · General Computer	6,825.00
6342 · Silicon City	12,446.62
6330 · Research and Development - Other	128.99
Total 6330 · Research and Development	19,465.61
6349 · Stationery	580.55
6350 · Payroll Taxes	
6351 · FICA	693.31
6352 · Medicare	162.15

BAC 214

CASI ENTITIES
KA-873
Profit & Loss by Class
July through December 2003

	TOTAL
Total 6350 · Payroll Taxes	855.46
6370 · Travel	
6371 · Airfare	510.50
6372 · Hotel	2,126.50
6373 · Meals	2,969.46
6375 · Taxi	441.00
6376 · Train	43.00
Total 6370 · Travel	6,090.46
6380 · Utilities	4,198.61
Total Expense	129,097.47
Net Ordinary Income	-51,603.47
Other Income/Expense	
Other Income	
6391 · Deposits to Bank ???	45.64
Total Other Income	45.64
Other Expense	
6500 · Payroll Clearing Account	
6516 · Credits Net Payroll Clearing Ac	-4,844.66
Total 6500 · Payroll Clearing Account	-4,844.66
7000 · Bank Transfer	
7001 · CASI Co-funding Rec'd by NIST	-45,000.00
7002 · CASI Co-Funding to NIST ATP	45,000.00
7004 · CASI Co-Funding via Propay	4,844.66
7007 · FROM ATP TO LLC IN	-162.91
7008 · FROM ATP TO LLC OUT	162.91
7013 · FROM LLC TO 8735 IN	-800.00
7014 · FROM LLC TO 8735 OUT	800.00
7015 · FROM LLC TO NIST LLC IN	-1,000.00
7016 · FROM LLC TO NIST LLC OUT	1,000.00
7019 · FROM NIST LLC IN	-8,114.00
7020 · FROM NIST LLC OUT	8,114.00
Total 7000 · Bank Transfer	4,844.66
Total Other Expense	0.00
Net Other Income	45.64
Net Income	-51,557.83

BAC 215

CASI ENTITIES
Profit & Loss by Class
January 2004

	LLC	TOTAL
Ordinary Income/Expense		
Expense		
5138 · AE-Dues and Subscriptions	210.78	210.78
5140 · AE-Hardware		
5148 · AE-CFDT.Electronics	107.83	107.83
5140 · AE-Hardware - Other	718.42	718.42
Total 5140 · AE-Hardware	826.25	826.25
5210 · AE-Meals	69.96	69.96
5220 · AE-Office		
5226 · AE-Office Depot	191.96	191.96
5220 · AE-Office - Other	38.02	38.02
Total 5220 · AE-Office	229.98	229.98
5260 · AE-Phone		
5265 · AE-Sprint	205.00	205.00
5266 · AE-Telephone	17.69	17.69
Total 5260 · AE-Phone	222.69	222.69
5299 · AE-Software		
5302 · AE-Digital River Soft	49.99	49.99
5305 · AE-frozenscpu.com	107.57	107.57
5312 · AE-Quickbooks	183.58	183.58
5299 · AE-Software - Other	159.90	159.90
Total 5299 · AE-Software	501.04	501.04
6000 · Accounting		
6003 · Jill Feldman CPA	500.00	500.00
Total 6000 · Accounting	500.00	500.00
6020 · Communications		
6032 · Verizon	39.59	39.59
Total 6020 · Communications	39.59	39.59
6060 · Employee Benefits		
6066 · Medical Reimbursed	35.00	35.00
Total 6060 · Employee Benefits	35.00	35.00
6130 · Office	73.11	73.11
6380 · Utilities	400.00	400.00
Total Expense	3,108.40	3,108.40
Net Ordinary Income	-3,108.40	-3,108.40
Net Income	-3,108.40	-3,108.40

BAC 216

CASI ENTITIES
KA-875
Profit & Loss by Class
February 2004

	LLC	TOTAL
Ordinary Income/Expense		
Income		
4000 · Income		
4010 · Reimbursed Expense Income	1,099.43	1,099.43
Total 4000 · Income	1,099.43	1,099.43
Total Income	1,099.43	1,099.43
Expense		
5136 · AE-Communications	23.58	23.58
5138 · AE-Dues and Subscriptions	67.89	67.89
5139 · AE-Finance Charge	6.90	6.90
5140 · AE-Hardware		
5146 · AE-Cables America	388.71	388.71
5140 · AE-Hardware - Other	271.65	271.65
Total 5140 · AE-Hardware	660.36	660.36
5210 · AE-Meals	59.35	59.35
5220 · AE-Office		
5226 · AE-Office Depot	151.44	151.44
Total 5220 · AE-Office	151.44	151.44
5260 · AE-Phone		
5265 · AE-Sprint	200.00	200.00
Total 5260 · AE-Phone	200.00	200.00
5299 · AE-Software		
5321 · AE-WNT.Reg.Net	89.00	89.00
Total 5299 · AE-Software	89.00	89.00
6000 · Accounting		
6006 · Spitz & Greenstein	1,000.00	1,000.00
Total 6000 · Accounting	1,000.00	1,000.00
6010 · Auto		
6016 · Sunoco	15.00	15.00
Total 6010 · Auto	15.00	15.00
6018 · Bank Charges	45.40	45.40
6060 · Employee Benefits		
6066 · Medical Reimbursed	450.00	450.00
Total 6060 · Employee Benefits	450.00	450.00
6330 · Research and Development	325.00	325.00
6370 · Travel		
6373 · Meals	11.73	11.73

BAC 217

CASI ENTITIES
Profit & Loss by Class
February 2004

	LLC	TOTAL
Total 6370 - Travel	11.73	11.73
6380 - Utilities	210.52	210.52
6390 - To Analyze	3.69	3.69
Total Expense	3,319.86	3,319.86
Net Ordinary Income	-2,220.43	-2,220.43
Net Income	-2,220.43	-2,220.43

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CASI ENTITIES
KA-877
Profit & Loss by Class
October 2001 through December 2003

	AJE	INC	LLC	N LLC N
Ordinary Income/Expense				
Income				
4000 · Income				
4010 · Reimbursed Expense Income	0.00	530.86	0.00	0.00
4013 · Co-Funding via Out of Pocket	0.00	0.00	0.00	2,428.10
4014 · Co-Funding via Mastercard	0.00	0.00	0.00	0.00
4015 · In-Kind Equipment Contribution	0.00	0.00	0.00	0.00
4020 · NIST ATP Income	0.00	0.00	0.00	0.00
4709 · FROM DBK TO NIST LLC A/C 1030	0.00	0.00	0.00	1,100.00
4711 · FROM DBK TO LLC A/C 1020	0.00	0.00	4,494.00	72,000.00
4712 · FROM DBK TO NIST A/C 1010	0.00	0.00	0.00	0.00
4912 · DBK For NIST ATP	0.00	0.00	2,000.00	0.00
Total 4000 · Income	0.00	530.86	6,494.00	N 75,528.10
Total Income	0.00	530.86	6,494.00	75,528.10
Expense				
5000 · AE-Accounting				
5001 · AE-Jill Feldman CPA	0.00	0.00	0.00	0.00
Total 5000 · AE-Accounting	0.00	0.00	0.00	0.00
5002 · AE-Airfare				
5003 · AE-American Airlines	0.00	0.00	0.00	0.00
5004 · AE-American West	0.00	0.00	0.00	0.00
5005 · AE-Expedia	0.00	0.00	0.00	0.00
5006 · AE-Jetblue	0.00	0.00	0.00	0.00
Total 5002 · AE-Airfare	0.00	0.00	0.00	0.00
5007 · AE-Auto				
5008 · AE-Airport Parking	0.00	0.00	0.00	0.00
5009 · AE-Central Parking	0.00	0.00	0.00	0.00
5010 · AE-Edison Parking	0.00	0.00	0.00	0.00
5011 · AE-Gas	0.00	0.00	0.00	0.00
5007 · AE-Auto - Other	0.00	0.00	0.00	0.00
Total 5007 · AE-Auto	0.00	0.00	0.00	0.00
5123 · AE-Books				
5124 · AE-Amazon	0.00	0.00	0.00	0.00
5125 · AE-Barnes & Noble	0.00	0.00	0.00	0.00
5126 · AE-Borders Books	0.00	0.00	0.00	0.00
5128 · AE-IEEE Books	0.00	0.00	0.00	0.00
Total 5123 · AE-Books	0.00	0.00	0.00	0.00
5137 · AE-Domain Name	0.00	0.00	0.00	0.00
5138 · AE-Dues and Subscriptions	0.00	0.00	49.75	0.00
5139 · AE-Finance Charge	0.00	0.00	0.00	0.00
5140 · AE-Hardware				

BAC 219

12:42 PM
07/24/10
Accrual Basis

CASI ENTITIES
KA-878 Profit & Loss by Class
October 2001 through December 2003

	AJE	INC	LLC	N LLC N
5141 · AE-3D.FX Cool	0.00	0.00	0.00	0.00
5143 · AE-ADOBE.Com	0.00	0.00	0.00	0.00
5145 · AE-BikBox	0.00	0.00	0.00	0.00
5148 · AE-CFDT.Electronics	0.00	0.00	539.15	0.00
5155 · AE-Columbia Home	0.00	0.00	0.00	0.00
5157 · AE-Datavision	0.00	0.00	179.97	0.00
5158 · AE-Digital River	0.00	0.00	0.00	0.00
5159 · AE-Dymo Corp.	0.00	0.00	0.00	0.00
5161 · AE-Electrical Supply	0.00	0.00	0.00	0.00
5163 · AE-Garmin International	0.00	0.00	0.00	0.00
5165 · AE-GL Video	0.00	0.00	0.00	0.00
5166 · AE-Grainger	0.00	0.00	84.45	0.00
5168 · AE-IBM Direct	0.00	0.00	0.00	0.00
5169 · AE-J&R Sound	0.00	0.00	0.00	0.00
5170 · AE-Kips Bay Hardware	0.00	0.00	0.00	0.00
5171 · AE-Lumberland	0.00	0.00	0.00	0.00
5173 · AE-Projector People	0.00	0.00	0.00	0.00
5174 · AE-Rackit Technology	0.00	0.00	0.00	0.00
5176 · AE-Sub Zero Technology	0.00	0.00	0.00	0.00
5178 · AE-Wacom Technology	0.00	0.00	0.00	0.00
5180 · AE-Winzip	0.00	0.00	0.00	0.00
5140 · AE-Hardware - Other	0.00	0.00	0.00	0.00
Total 5140 · AE-Hardware	0.00	0.00	803.57	0.00
5189 · AE-Hotel	0.00	0.00	0.00	0.00
5190 · AE-Installation				
5191 · AE-Home Depot	0.00	0.00	0.00	0.00
5192 · AE-Homefront Hardware	0.00	0.00	0.00	0.00
5193 · AE-Jensen Tools	0.00	0.00	0.00	0.00
5190 · AE-Installation - Other	0.00	0.00	0.00	0.00
Total 5190 · AE-Installation	0.00	0.00	0.00	0.00
5200 · AE-Internet				
5201 · AE-Amtrak	0.00	0.00	57.00	0.00
5203 · AE-Expedia	0.00	0.00	0.00	0.00
5200 · AE-Internet - Other	0.00	0.00	0.00	0.00
Total 5200 · AE-Internet	0.00	0.00	57.00	0.00
5210 · AE-Meals	0.00	0.00	163.18	0.00
5220 · AE-Office				
5221 · AE-Bruce Better Living	0.00	0.00	0.00	0.00
5222 · AE-Coffee Distributing	0.00	0.00	0.00	0.00
5223 · AE-Eckerd	0.00	0.00	0.00	0.00
5224 · AE-Label Universe	0.00	0.00	0.00	0.00
5225 · AE-Marriott Gift Shop	0.00	0.00	0.00	0.00
5226 · AE-Office Depot	0.00	0.00	75.97	0.00
5227 · AE-Office Max	0.00	0.00	0.00	0.00

BAC 220

CASI ENTITIES
Profit & Loss by Class
 October 2001 through December 2003

	AJE	INC	LLC	N LLC N
5228 · AE-Pearl Paint	0.00	0.00	0.00	0.00
5229 · AE-Radio Shack	0.00	0.00	0.00	0.00
5230 · AE-RiteAid	0.00	0.00	0.00	0.00
5231 · AE-Staples	0.00	0.00	0.00	0.00
5220 · AE-Office - Other	0.00	165.25	0.00	0.00
Total 5220 · AE-Office	0.00	165.25	75.97	0.00
5250 · AE-Paypal	0.00	0.00	0.00	0.00
5260 · AE-Phone				
5261 · AE-IDT	0.00	0.00	128.20	0.00
5263 · AE-Sierra Wyreless	0.00	0.00	0.00	0.00
5264 · AE-Skytel	0.00	0.00	50.18	0.00
5265 · AE-Sprint	0.00	0.00	349.81	0.00
5266 · AE-Telephone	0.00	0.00	1.00	0.00
5260 · AE-Phone - Other	0.00	0.00	0.00	0.00
Total 5260 · AE-Phone	0.00	0.00	529.19	0.00
5270 · AE-Postage				
5275 · AE-USPS	0.00	0.00	400.08	0.00
Total 5270 · AE-Postage	0.00	0.00	400.08	0.00
5280 · AE-Repairs	0.00	0.00	0.00	0.00
5290 · AE-Seminar				
5292 · AE-SIAM Math Society	0.00	0.00	0.00	0.00
Total 5290 · AE-Seminar	0.00	0.00	0.00	0.00
5299 · AE-Software				
5300 · AE-Buy Up Time	0.00	0.00	0.00	0.00
5301 · AE-Coda Company	0.00	0.00	0.00	0.00
5302 · AE-Digital River Soft	0.00	0.00	0.00	0.00
5303 · AE-Eacceleration	0.00	0.00	0.00	0.00
5306 · AE-GetInfo.Com	0.00	0.00	0.00	0.00
5307 · AE-Iris Inc.	0.00	0.00	0.00	0.00
5308 · AE-Jasc Software	0.00	0.00	0.00	0.00
5309 · AE-Kennedy Software	0.00	0.00	0.00	0.00
5310 · AE-McAfee	0.00	0.00	0.00	0.00
5311 · AE-MYNAI.Com	0.00	0.00	0.00	0.00
5312 · AE-Quickbooks	0.00	0.00	0.00	0.00
5313 · AE-Regnow	0.00	0.00	0.00	0.00
5314 · AE-Regsoft	0.00	0.00	0.00	0.00
5315 · AE-Rhino	0.00	0.00	0.00	0.00
5316 · AE-Roxio	0.00	0.00	0.00	0.00
5317 · AE-Runtime	0.00	0.00	0.00	0.00
5318 · AE-Software for Science	0.00	0.00	0.00	0.00
5319 · AE-Techalchemy	0.00	0.00	0.00	0.00
5320 · AE-Visioneer	0.00	0.00	0.00	0.00
5321 · AE-WNT.Reg.Net	0.00	0.00	0.00	0.00

BAC 221

CASI ENTITIES
Profit & Loss By Class
 October 2001 through December 2003

	AJE	INC	LLC	N LLC N
5322 · AE-WWW.RTT.Com	0.00	0.00	39.74	0.00
5323 · AE-Zippy.USA	0.00	0.00	0.00	0.00
5299 · AE-Software - Other	0.00	0.00	0.00	0.00
Total 5299 · AE-Software	0.00	0.00	39.74	0.00
5350 · AE-Tech				
5351 · AE-Time Motion Tools	0.00	0.00	0.00	0.00
5352 · Microsoft	0.00	0.00	0.00	0.00
Total 5350 · AE-Tech	0.00	0.00	0.00	0.00
5360 · AE-Tools				
5361 · AE-Micro Mark	0.00	0.00	0.00	0.00
5362 · AE-Tecra Tools	0.00	0.00	0.00	0.00
Total 5360 · AE-Tools	0.00	0.00	0.00	0.00
5369 · AE-Travel				
5371 · AE-Luggage Carts	0.00	0.00	0.00	0.00
5372 · AE-Metrocard	0.00	0.00	0.00	0.00
5373 · AE-Taxi and Limousine	0.00	0.00	0.00	0.00
5374 · AE-Train	0.00	0.00	42.00	0.00
5369 · AE-Travel - Other	0.00	0.00	0.00	0.00
Total 5369 · AE-Travel	0.00	0.00	42.00	0.00
6000 · Accounting				
6001 · Joseph Cornwall	0.00	0.00	2,945.10	0.00
6003 · Jill Feldman CPA	0.00	2,000.00	0.00	0.00
6004 · Joan Hayes CPA	0.00	0.00	0.00	0.00
6005 · Ken Jackson	0.00	0.00	0.00	2,920.00
6006 · Spitz & Greenstein	0.00	0.00	13,000.00	0.00
Total 6000 · Accounting	0.00	2,000.00	15,945.10	2,920.00
6010 · Auto				
6011 · Auto Rental	0.00	295.57	0.00	657.11
6012 · Exxon	0.00	0.00	440.25	65.72
6013 · Gas	0.00	0.00	88.96	321.72
6014 · Mobil	0.00	63.91	0.00	0.00
6015 · Parking	0.00	100.00	700.87	620.00
6016 · Sunoco	0.00	0.00	126.70	14.00
6017 · Tolls	0.00	0.00	277.66	670.74
Total 6010 · Auto	0.00	459.48	1,634.44	2,349.29
6018 · Bank Charges	0.00	214.85	298.49	13.00
6019 · Books	0.00	0.00	393.40	0.00
6020 · Communications				
6021 · ATT	0.00	139.61	43.26	0.00
6022 · Cable	0.00	87.60	782.80	161.61
6024 · IDT	0.00	0.00	166.06	0.00

BAC 222

CASI ENTITIES
Profit & Loss by Class
 October 2001 through December 2003

	AJE	INC	LLC	N LLC N
6025 · MCI	0.00	135.99	0.00	0.00
6026 · RCN	0.00	0.00	0.00	0.00
6027 · Reimbursed Telephone	0.00	0.00	0.00	0.00
6028 · Skytel	0.00	515.04	306.07	0.00
6029 · Sprint	0.00	0.00	158.53	134.22
6030 · Thorn	0.00	522.22	525.00	150.00
6031 · TTMobile	0.00	0.00	1.33	0.00
6032 · Verizon	0.00	1,536.69	1,324.77	39.86
6034 · Voicestream Wireless	0.00	0.00	81.74	0.00
6035 · Vz Wireless	0.00	0.00	88.30	81.62
6036 · Webworqs	0.00	0.00	0.00	0.00
Total 6020 · Communications	0.00	2,937.15	3,477.86	567.31
6040 · Computer Installation				
6041 · Columbia	0.00	0.00	533.91	0.00
6043 · Figlia & Sons	0.00	0.00	0.00	0.00
6044 · Homefront Hardware	0.00	0.00	1,181.34	1,358.27
6045 · Kips Bay Hardware	0.00	0.00	0.00	100.00
6046 · Metro Solar	0.00	0.00	0.00	0.00
6047 · Mistretta Electric	0.00	0.00	0.00	0.00
Total 6040 · Computer Installation	0.00	0.00	1,715.25	1,458.27
6050 · Conference	0.00	970.00	1,525.60	175.00
6051 · Depreciation	0.00	10,489.00	11,188.00	0.00
6052 · Domain Name	0.00	70.00	0.00	0.00
6053 · Dues and Subscriptions	0.00	50.00	201.45	0.00
6060 · Employee Benefits				
6061 · Arista	0.00	0.00	0.00	0.00
6062 · Childcare Services - Rosalie Me	0.00	0.00	0.00	0.00
6063 · Drugs	0.00	477.92	895.13	0.00
6064 · Gym Membership	0.00	0.00	1,180.26	0.00
6065 · Horizon	0.00	0.00	0.00	0.00
6066 · Medical Reimbursed	0.00	774.00	9,782.79	0.00
6067 · Oxford Health	0.00	1,996.96	5,814.06	0.00
Total 6060 · Employee Benefits	0.00	3,248.88	17,672.24	0.00
6090 · Equipment Repairs	0.00	212.17	158.50	0.00
6091 · Finance Charge	0.00	8.75	292.04	0.00
6092 · Honorarium	0.00	472.25	0.00	0.00
6093 · Insurance	0.00	0.00	157.40	457.85
6100 · Legal				
6102 · Frederica Miller ESQ	10,000.00	0.00	0.00	0.00
6103 · LLBL	0.00	0.00	0.00	0.00
6106 · Pennie & Edmonds	0.00	9,404.13	0.00	0.00
6107 · Schwartz & Salomon	0.00	0.00	1,972.00	0.00
6108 · Scialabba and Associates	0.00	0.00	3,000.00	0.00
6109 · Solomon & Bernstein	10,000.00	1,800.00	0.00	0.00

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CASI ENTITIES
Profit & Loss by Class
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KA-882

	AJE	INC	LLC	N LLC N
Total 6100 · Legal	20,000.00	11,204.13	4,972.00	0.00
6120 · Miscellaneous	0.00	20.28	331.26	0.00
6122 · NG Check	0.00	0.00	0.00	0.00
6130 · Office	0.00	0.00	1,404.89	0.00
6150 · Outside Service				
6151 · Abe Karron	0.00	0.00	0.00	0.00
6152 · Advanced Technology Group	0.00	68,000.00	0.00	0.00
6153 · Axiom Systems	0.00	0.00	0.00	0.00
6154 · Bator Bintor	0.00	0.00	0.00	2,600.00
6155 · D. Ferrand	0.00	3,319.00	200.00	100.00
6157 · George Wolberg PhD	0.00	0.00	0.00	0.00
6158 · James Cox o/s	0.00	0.00	0.00	0.00
6159 · Jane Laylor	0.00	0.00	0.00	0.00
6160 · Peter Ross	0.00	0.00	0.00	0.00
6161 · Radio Logic	0.00	0.00	0.00	0.00
6162 · Scott Albin	0.00	0.00	0.00	0.00
6163 · Valley of the Mage Consulting	0.00	0.00	0.00	0.00
Total 6150 · Outside Service	0.00	71,319.00	200.00	2,700.00
6170 · Paypal Payments	0.00	0.00	0.00	0.00
6175 · Postage & Delivery	0.00	189.35	203.53	0.00
6177 · Reim . Expenses	0.00	0.00	0.00	0.00
6178 · Repairs				
6180 · General	0.00	0.00	98.99	0.00
6178 · Repairs - Other	0.00	0.00	100.00	100.00
Total 6178 · Repairs	0.00	0.00	198.99	100.00
6189 · Rent				
6191 · Rent for 2001	0.00	0.00	0.00	0.00
6192 · Rent for 2002	0.00	0.00	0.00	0.00
6193 · Rent for 2003	0.00	0.00	0.00	0.00
Total 6189 · Rent	0.00	0.00	0.00	0.00
6300 · Payroll Expenses				
6301 · Scott Albin emp	0.00	0.00	0.00	0.00
6302 · Robert Benedict	0.00	0.00	0.00	0.00
6303 · S.W. Bothwick	0.00	0.00	0.00	0.00
6304 · James L. Cox emp	0.00	0.00	0.00	0.00
6305 · Elisha Gurfein	0.00	0.00	0.00	0.00
6306 · D.B. Karron	0.00	0.00	0.00	0.00
6307 · Charles La Salla	0.00	0.00	0.00	0.00
6308 · Regner M. Peralta	0.00	0.00	0.00	0.00
6309 · Peter Ross	0.00	0.00	0.00	0.00
6310 · Matthew Rothman	0.00	0.00	9,600.00	0.00
6311 · Robert G. Wine	0.00	0.00	0.00	0.00
6314 · Nicholee A. Wynter	0.00	0.00	0.00	0.00

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CASI ENTITIES
KA-883
Profit & Loss by Class
October 2001 through December 2003

	AJE	INC	LLC	N LLC N
Total 6300 - Payroll Expenses	0.00	0.00	9,600.00	0.00
6315 - Payroll Processing	0.00	0.00	0.00	0.00
6330 - Research and Development				
6331 - American Advanced Power	0.00	0.00	0.00	0.00
6332 - American Media Systems	0.00	0.00	65.00	0.00
6333 - Denver Air Support	0.00	0.00	0.00	0.00
6334 - E MAG	0.00	0.00	0.00	0.00
6335 - frozencpu.com	0.00	0.00	0.00	0.00
6337 - General Computer	0.00	0.00	5,136.00	1,689.00
6338 - Pacific Data Storage	0.00	0.00	0.00	0.00
6339 - Ricoh	0.00	0.00	0.00	0.00
6340 - Server Technology	0.00	0.00	0.00	0.00
6341 - SGI Developers	0.00	0.00	0.00	0.00
6342 - Silicon City	0.00	1,000.00	6,446.62	6,000.00
6343 - Silicon Graphics	0.00	0.00	0.00	0.00
6344 - Vision Shape	0.00	0.00	0.00	0.00
6345 - YC Cable	0.00	0.00	0.00	0.00
6346 - In Kind Computer Equipment	0.00	0.00	0.00	0.00
6330 - Research and Development - Other	0.00	0.00	128.99	0.00
Total 6330 - Research and Development	0.00	1,000.00	11,776.61	7,689.00
6349 - Stationery	0.00	320.47	347.38	233.17
6350 - Payroll Taxes				
6351 - FICA	429.44	0.00	595.20	0.00
6352 - Medicare	-330.23	0.00	139.20	0.00
6353 - FUTA	0.00	0.00	0.00	0.00
6354 - NYSUI	0.00	0.00	0.00	0.00
6356 - NJ Disability	0.00	0.00	0.00	0.00
6357 - NJ UI	0.00	0.00	0.00	0.00
6358 - NC SUI	0.00	0.00	0.00	0.00
6359 - Penalties and Late Fees	0.00	0.00	0.00	0.00
Total 6350 - Payroll Taxes	99.21	0.00	734.40	0.00
6360 - Taxes				
6361 - NY Corporation Tax	0.00	800.00	0.00	0.00
Total 6360 - Taxes	0.00	800.00	0.00	0.00
6370 - Travel				
6371 - Airfare	0.00	0.00	0.00	510.50
6372 - Hotel	0.00	0.00	72.70	2,126.50
6373 - Meals	0.00	0.00	4,099.62	1,133.14
6374 - Misc Travel	0.00	0.00	0.00	0.00
6375 - Taxi	0.00	100.00	401.00	604.42
6376 - Train	0.00	0.00	47.75	0.00
6377 - Transit Check	0.00	0.00	0.00	0.00
6370 - Travel - Other	0.00	0.00	0.00	0.00

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CASI ENTITIES
Profit & Loss by Class
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	AJE	INC	LLC	N LLC N
Total 6370 · Travel	0.00	100.00	4,621.07	4,374.56
6379 · Tuition Reimbursement	0.00	0.00	0.00	0.00
6380 · Utilities	0.00	10,373.55	4,397.66	369.45
Total Expense	20,099.21	116,624.56	95,608.04	23,406.90
Net Ordinary Income	-20,099.21	-116,093.70	-89,114.04	52,121.20
Other Income/Expense				
Other Income				
6391 · Deposits to Bank ???	0.00	0.00	0.00	0.00
Total Other Income	0.00	0.00	0.00	0.00
Other Expense				
6500 · Payroll Clearing Account				
6504 · Debits Net Payroll Clearing Acc	0.00	9,259.62	0.00	0.00
6516 · Credits Net Payroll Clearing Ac	0.00	0.00	-53,547.17	0.00
Total 6500 · Payroll Clearing Account	0.00	9,259.62	-53,547.17	0.00
7000 · Bank Transfer				
7001 · CASI Co-funding Rec'd by NIST	0.00	0.00	0.00	-45,000.00
7002 · CASI Co-Funding to NIST ATP	0.00	35,300.00	45,000.00	0.00
7004 · CASI Co-Funding via Propay	0.00	0.00	53,547.17	0.00
7005 · From 8735 to INC IN	0.00	-95,576.00	0.00	0.00
7006 · From 8735 TO INC OUT	0.00	0.00	0.00	0.00
7007 · FROM ATP TO LLC IN	0.00	0.00	-91,501.00	-162.91
7008 · FROM ATP TO LLC OUT	0.00	0.00	0.00	0.00
7009 · FROM INC TO 8735 IN	0.00	0.00	0.00	0.00
7010 · FROM INC TO 8735 OUT	0.00	60,000.00	0.00	0.00
7011 · FROM INC TO LLC IN	0.00	0.00	-521.53	0.00
7012 · FROM INC TO LLC OUT	0.00	521.53	0.00	0.00
7013 · FROM LLC TO 8735 IN	0.00	0.00	0.00	0.00
7014 · FROM LLC TO 8735 OUT	0.00	0.00	15,000.00	800.00
7015 · FROM LLC TO NIST LLC IN	0.00	0.00	0.00	-1,000.00
7016 · FROM LLC TO NIST LLC OUT	0.00	0.00	1,000.00	0.00
7017 · FROM N LLC N TO LLC IN	0.00	0.00	0.00	-16,500.00
7018 · FROM N LLC N TO LLC OUT	0.00	0.00	0.00	16,500.00
7019 · FROM NIST LLC IN	0.00	0.00	-8,614.00	0.00
7020 · FROM NIST LLC OUT	0.00	0.00	0.00	8,614.00
Total 7000 · Bank Transfer	0.00	245.53	13,910.64	-36,748.91
Total Other Expense	0.00	9,505.15	-39,636.53	-36,748.91
Net Other Income	0.00	-9,505.15	39,636.53	36,748.91
Net Income	-20,099.21	-125,598.85	-49,477.51	88,870.11

BAC 226

KA-885

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Accrual Basis

CASI ENTITIES
Profit & Loss by Class
 October 2001 through December 2003

N L L C N

NIST ATP 75 528885

1,348,708

NN COFUND 93 004

1,517,240

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	NIST ATP	NN CO FUNDING	RENT	TOTAL
Ordinary Income/Expense				
Income				
4000 · Income				
4010 · Reimbursed Expense Income	207.51	0.00	0.00	738.37
4013 · Co-Funding via Out of Pocket	0.00	1,371.72	0.00	3,799.82
4014 · Co-Funding via Mastercard	0.00	36,022.11	0.00	36,022.11
4015 · In-Kind Equipment Contribution	0.00	30,000.00	0.00	30,000.00
4020 · NIST ATP Income	1,345,500.00	0.00	0.00	1,345,500.00
4709 · FROM DBK TO NIST LLC A/C 1030	0.00	0.00	0.00	1,100.00
4711 · FROM DBK TO LLC A/C 1020	0.00	0.00	0.00	76,494.00
4712 · FROM DBK TO NIST A/C 1010	3,000.00	0.00	0.00	3,000.00
4912 · DBK For NIST ATP	0.00	25,610.00	0.00	27,610.00
Total 4000 · Income	1,348,707.51	93,003.83	0.00	1,524,264.30
Total Income	1,348,707.51	93,003.83	0.00	1,524,264.30
Expense				
5000 · AE-Accounting				
5001 · AE-Jill Feldman CPA	1,000.00	0.00	0.00	1,000.00
Total 5000 · AE-Accounting	1,000.00	0.00	0.00	1,000.00
5002 · AE-Airfare				
5003 · AE-American Airlines	100.00	0.00	0.00	100.00
5004 · AE-American West	316.00	0.00	0.00	316.00
5005 · AE-Expedia	1,404.98	0.00	0.00	1,404.98
5006 · AE-Jetblue	586.50	0.00	0.00	586.50
Total 5002 · AE-Airfare	2,407.48	0.00	0.00	2,407.48
5007 · AE-Auto				
5008 · AE-Airport Parking	3.00	0.00	0.00	3.00
5009 · AE-Central Parking	50.00	0.00	0.00	50.00
5010 · AE-Edison Parking	68.00	0.00	0.00	68.00
5011 · AE-Gas	221.59	0.00	0.00	221.59
5007 · AE-Auto - Other	4.00	0.00	0.00	4.00
Total 5007 · AE-Auto	346.59	0.00	0.00	346.59
5123 · AE-Books				
5124 · AE-Amazon	34.89	0.00	0.00	34.89
5125 · AE-Barnes & Noble	18.40	0.00	0.00	18.40
5126 · AE-Borders Books	48.66	0.00	0.00	48.66
5128 · AE-IEEE Books	533.51	0.00	0.00	533.51
Total 5123 · AE-Books	635.46	0.00	0.00	635.46
5137 · AE-Domain Name	95.00	0.00	0.00	95.00
5138 · AE-Dues and Subscriptions	1,965.98	0.00	0.00	2,015.73
5139 · AE-Finance Charge	12.40	0.00	0.00	12.40
5140 · AE-Hardware				

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CASI ENTITIES
KA-886
Profit & Loss by Class
October 2001 through December 2003

	NIST ATP	NN CO FUNDING	RENT	TOTAL
5141 - AE-3D.FX Cool	86.30	0.00	0.00	86.30
5143 - AE-ADOBE.Com	935.52	0.00	0.00	935.52
5145 - AE-BlkBox	1,014.43	0.00	0.00	1,014.43
5148 - AE-CFDT.Electronics	831.01	0.00	0.00	1,370.16
5155 - AE-Columbia Home	285.63	0.00	0.00	285.63
5157 - AE-Datavision	10,407.52	0.00	0.00	10,587.49
5158 - AE-Digital River	180.82	0.00	0.00	180.82
5159 - AE-Dymo Corp.	309.55	0.00	0.00	309.55
5161 - AE-Electrical Supply	1,686.35	0.00	0.00	1,686.35
5163 - AE-Garmin International	350.17	0.00	0.00	350.17
5165 - AE-GL Video	335.00	0.00	0.00	335.00
5166 - AE-Grainger	0.00	0.00	0.00	84.45
5168 - AE-IBM Direct	1,525.24	0.00	0.00	1,525.24
5169 - AE-J&R Sound	243.53	0.00	0.00	243.53
5170 - AE-Kips Bay Hardware	46.98	0.00	0.00	46.98
5171 - AE-Lumberland	9.90	0.00	0.00	9.90
5173 - AE-Projector People	199.00	0.00	0.00	199.00
5174 - AE-Rackit Technology	1,366.00	0.00	0.00	1,366.00
5176 - AE-Sub Zero Technology	89.35	0.00	0.00	89.35
5178 - AE-Wacom Technology	171.29	0.00	0.00	171.29
5180 - AE-Winzip	29.00	0.00	0.00	29.00
5140 - AE-Hardware - Other	346.77	0.00	0.00	346.77
Total 5140 - AE-Hardware	20,449.36	0.00	0.00	21,252.93
5189 - AE-Hotel	2,961.41	0.00	0.00	2,961.41
5190 - AE-Installation				
5191 - AE-Home Depot	30.72	0.00	0.00	30.72
5192 - AE-Homefront Hardware	3,165.07	0.00	0.00	3,165.07
5193 - AE-Jensen Tools	1,161.01	0.00	0.00	1,161.01
5190 - AE-Installation - Other	576.21	0.00	0.00	576.21
Total 5190 - AE-Installation	4,933.01	0.00	0.00	4,933.01
5200 - AE-Internet				
5201 - AE-Amtrak	0.00	0.00	0.00	57.00
5203 - AE-Expedia	356.24	0.00	0.00	356.24
5200 - AE-Internet - Other	0.00	0.00	0.00	0.00
Total 5200 - AE-Internet	356.24	0.00	0.00	413.24
5210 - AE-Meals	4,906.54	0.00	0.00	5,069.72
5220 - AE-Office				
5221 - AE-Bruce Better Living	129.75	0.00	0.00	129.75
5222 - AE-Coffee Distributing	524.55	0.00	0.00	524.55
5223 - AE-Eckerd	15.19	0.00	0.00	15.19
5224 - AE-Label Universe	35.40	0.00	0.00	35.40
5225 - AE-Marriott Gift Shop	6.00	0.00	0.00	6.00
5226 - AE-Office Depot	4,350.29	0.00	0.00	4,426.26
5227 - AE-Office Max	28.20	0.00	0.00	28.20

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CASI ENTITIES
KA-887
Profit & Loss by Class
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	NIST ATP	NN CO FUNDING	RENT	TOTAL
5228 · AE-Pearl Paint	47.93	0.00	0.00	47.93
5229 · AE-Radio Shack	596.22	0.00	0.00	596.22
5230 · AE-RiteAid	6.26	0.00	0.00	6.26
5231 · AE-Staples	1,029.35	0.00	0.00	1,029.35
5220 · AE-Office - Other	942.79	0.00	0.00	1,108.04
Total 5220 · AE-Office	7,711.93	0.00	0.00	7,953.15
5250 · AE-Paypal	20.44	0.00	0.00	20.44
5260 · AE-Phone				
5261 · AE-IDT	0.00	0.00	0.00	128.20
5263 · AE-Sierra Wyreless	104.74	0.00	0.00	104.74
5264 · AE-Skytel	0.00	0.00	0.00	50.18
5265 · AE-Sprint	-310.00	0.00	0.00	39.81
5266 · AE-Telephone	314.52	0.00	0.00	315.52
5260 · AE-Phone - Other	127.00	0.00	0.00	127.00
Total 5260 · AE-Phone	236.26	0.00	0.00	765.45
5270 · AE-Postage				
5275 · AE-USPS	851.05	0.00	0.00	1,251.13
Total 5270 · AE-Postage	851.05	0.00	0.00	1,251.13
5280 · AE-Repairs	46.16	0.00	0.00	46.16
5290 · AE-Seminar				
5292 · AE-SIAM Math Society	500.00	0.00	0.00	500.00
Total 5290 · AE-Seminar	500.00	0.00	0.00	500.00
5299 · AE-Software				
5300 · AE-Buy Up Time	799.49	0.00	0.00	799.49
5301 · AE-Coda Company	177.45	0.00	0.00	177.45
5302 · AE-Digiatl River Soft	207.93	0.00	0.00	207.93
5303 · AE-Eacceleration	36.00	0.00	0.00	36.00
5306 · AE-GetInfo.Com	55.58	0.00	0.00	55.58
5307 · AE-Iris Inc.	427.91	0.00	0.00	427.91
5308 · AE-Jasc Software	19.00	0.00	0.00	19.00
5309 · AE-Kennedy Software	5.95	0.00	0.00	5.95
5310 · AE-McAfee	72.69	0.00	0.00	72.69
5311 · AE-MYNAI.Com	71.38	0.00	0.00	71.38
5312 · AE-Quickbooks	1,563.44	0.00	0.00	1,563.44
5313 · AE-Regnow	73.86	0.00	0.00	73.86
5314 · AE-Regsoft	97.89	0.00	0.00	97.89
5315 · AE-Rhino	82.91	0.00	0.00	82.91
5316 · AE-Roxio	195.85	0.00	0.00	195.85
5317 · AE-Runtime	159.00	0.00	0.00	159.00
5318 · AE-Software for Science	258.00	0.00	0.00	258.00
5319 · AE-Tehalchery	56.90	0.00	0.00	56.90
5320 · AE-Visioneer	514.90	0.00	0.00	514.90
5321 · AE-WNT.Reg.Net	57.90	0.00	0.00	57.90

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CASI ENTITIES
KA-888
Profit & Loss by Class
October 2001 through December 2003

	NIST ATP	NN CO FUNDING	RENT	TOTAL
5322 · AE-WWW.RTT.Com	0.00	0.00	0.00	39.74
5323 · AE-Zippy.USA	426.00	0.00	0.00	426.00
5299 · AE-Software - Other	586.79	0.00	0.00	586.79
Total 5299 · AE-Software	5,946.82	0.00	0.00	5,986.56
5350 · AE-Tech				
5351 · AE-Time Motion Tools	104.55	0.00	0.00	104.55
5352 · Microsoft	245.00	0.00	0.00	245.00
Total 5350 · AE-Tech	349.55	0.00	0.00	349.55
5360 · AE-Tools				
5361 · AE-Micro Mark	139.95	0.00	0.00	139.95
5362 · AE-Tecra Tools	247.30	0.00	0.00	247.30
Total 5360 · AE-Tools	387.25	0.00	0.00	387.25
5369 · AE-Travel				
5371 · AE-Luggage Carts	14.00	0.00	0.00	14.00
5372 · AE-Metrocard	120.00	0.00	0.00	120.00
5373 · AE-Taxi and Limousine	385.89	0.00	0.00	385.89
5374 · AE-Train	1,636.55	0.00	0.00	1,678.55
5369 · AE-Travel - Other	86.59	0.00	0.00	86.59
Total 5369 · AE-Travel	2,243.03	0.00	0.00	2,285.03
6000 · Accounting				
6001 · Joseph Cornwall	0.00	0.00	0.00	2,945.10
6003 · Jill Feldman CPA	3,000.00	500.00	0.00	5,500.00
6004 · Joan Hayes CPA	15,215.00	0.00	0.00	15,215.00
6005 · Ken Jackson	22,370.00	0.00	0.00	25,290.00
6006 · Spitz & Greenstein	0.00	0.00	0.00	13,000.00
Total 6000 · Accounting	40,585.00	500.00	0.00	61,950.10
6010 · Auto				
6011 · Auto Rental	1,946.08	0.00	0.00	2,898.76
6012 · Exxon	500.95	0.00	0.00	1,006.92
6013 · Gas	126.45	0.00	0.00	537.13
6014 · Mobil	0.00	0.00	0.00	63.91
6015 · Parking	1,013.50	0.00	0.00	2,434.37
6016 · Sunoco	223.47	0.00	0.00	364.17
6017 · Tolls	510.65	0.00	0.00	1,459.05
Total 6010 · Auto	4,321.10	0.00	0.00	8,764.31
6018 · Bank Charges	50.01	0.00	0.00	576.35
6019 · Books	968.83	0.00	0.00	1,362.23
6020 · Communications				
6021 · ATT	187.40	0.00	0.00	370.27
6022 · Cable	1,834.01	0.00	0.00	2,866.02
6024 · IDT	68.50	0.00	0.00	234.56

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Accrual Basis

CASI ENTITIES
Profit & Loss by Class

October 2001 through December 2003

KA-889

	NIST ATP	NN CO FUNDING	RENT	TOTAL
6025 · MCI	574.61	0.00	0.00	710.60
6026 · RCN	1,599.27	0.00	0.00	1,599.27
6027 · Reimbursed Telephone	344.00	0.00	0.00	344.00
6028 · Skytel	744.36	0.00	0.00	1,565.47
6029 · Sprint	621.62	0.00	0.00	914.37
6030 · Thorn	4,590.26	0.00	0.00	5,787.48
6031 · TTMobile	237.27	0.00	0.00	238.60
6032 · Verizon	2,445.97	0.00	0.00	5,347.29
6034 · Voicestream Wireless	269.07	0.00	0.00	350.81
6035 · Vz Wireless	556.05	0.00	0.00	725.97
6036 · Webworqs	4,600.00	0.00	0.00	4,600.00
Total 6020 · Communications	18,672.39	0.00	0.00	25,654.71
6040 · Computer Installation				
6041 · Columbia	1,288.85	0.00	0.00	1,822.76
6043 · Figlia & Sons	1,995.00	0.00	0.00	1,995.00
6044 · Homefront Hardware	6,196.69	0.00	0.00	8,736.30
6045 · Kips Bay Hardware	70.27	0.00	0.00	170.27
6046 · Metro Solar	2,040.00	0.00	0.00	2,040.00
6047 · Mistretta Electric	5,400.00	0.00	0.00	5,400.00
Total 6040 · Computer Installation	16,990.81	0.00	0.00	20,164.33
6050 · Conference	1,390.00	250.00	0.00	4,310.60
6051 · Depreciation	0.00	0.00	0.00	21,677.00
6052 · Domain Name	0.00	0.00	0.00	70.00
6053 · Dues and Subscriptions	201.01	0.00	0.00	452.46
6060 · Employee Benefits				
6061 · Arista	3,104.35	0.00	0.00	3,104.35
6062 · Childcare Services - Rosalie Me	2,735.00	0.00	0.00	2,735.00
6063 · Drugs	4,381.71	0.00	0.00	5,754.76
6064 · Gym Membership	2,175.96	0.00	0.00	3,356.22
6065 · Horizon	888.54	0.00	0.00	888.54
6066 · Medical Reimbursed	26,601.21	24,860.00	0.00	62,018.00
6067 · Oxford Health	19,342.24	0.00	0.00	27,153.26
Total 6060 · Employee Benefits	59,229.01	24,860.00	0.00	105,010.13
6090 · Equipment Repairs	107.17	0.00	0.00	477.84
6091 · Finance Charge	0.00	0.00	0.00	300.79
6092 · Honorarium	664.17	0.00	0.00	1,136.42
6093 · Insurance	1,754.92	0.00	0.00	2,370.17
6100 · Legal				
6102 · Frederica Miller ESQ	6,000.00	0.00	0.00	16,000.00
6103 · LLBL	352.60	0.00	0.00	352.60
6106 · Pennie & Edmonds	671.15	0.00	0.00	10,075.28
6107 · Schwartz & Salomon	0.00	0.00	0.00	1,972.00
6108 · Scialabba and Associates	0.00	0.00	0.00	3,000.00
6109 · Solomon & Bernstein	150.00	0.00	0.00	11,950.00

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CASI ENTITIES
Profit & Loss by Class
October 2001 through December 2003

	NIST ATP	NN CO FUNDING	RENT	TOTAL
Total 6100 - Legal	7,173.75	0.00	0.00	43,349.88
6120 - Miscellaneous	147.11	0.00	0.00	498.65
6122 - NG Check	0.00	0.00	0.00	0.00
6130 - Office	687.84	0.00	0.00	2,092.73
6150 - Outside Service				
6151 - Abe Karron	1,000.00	0.00	0.00	1,000.00
6152 - Advanced Technology Group	3,000.00	0.00	0.00	71,000.00
6153 - Axiom Systems	400.00	0.00	0.00	400.00
6154 - Bator Bintor	10,159.75	0.00	0.00	12,759.75
6155 - D. Ferrand	4,900.00	0.00	0.00	8,519.00
6157 - George Wolberg PhD	40,898.99	0.00	0.00	40,898.99
6158 - James Cox o/s	33,930.00	0.00	0.00	33,930.00
6159 - Jane Laylor	161.00	0.00	0.00	161.00
6160 - Peter Ross	1,172.64	0.00	0.00	1,172.64
6161 - Radio Logic	100.00	0.00	0.00	100.00
6162 - Scott Albin	2,000.00	0.00	0.00	2,000.00
6163 - Valley of the Mage Consulting	1,000.00	0.00	0.00	1,000.00
Total 6150 - Outside Service	98,722.38	0.00	0.00	172,941.38
6170 - Paypal Payments	1,234.25	0.00	0.00	1,234.25
6175 - Postage & Delivery	1,178.06	0.00	0.00	1,570.94
6177 - Reim . Expenses	96.15	0.00	0.00	96.15
6178 - Repairs				
6180 - General	220.05	0.00	0.00	319.04
6178 - Repairs - Other	75.00	0.00	0.00	275.00
Total 6178 - Repairs	295.05	0.00	0.00	594.04
6189 - Rent				
6191 - Rent for 2001	0.00	0.00	33,000.00	33,000.00
6192 - Rent for 2002	2,000.00	0.00	26,000.00	28,000.00
6193 - Rent for 2003	0.00	0.00	24,000.00	24,000.00
Total 6189 - Rent	2,000.00	0.00	83,000.00	85,000.00
6300 - Payroll Expenses				
6301 - Scott Albin emp	5,550.00	0.00	0.00	5,550.00
6302 - Robert Benedict	22,823.07	0.00	0.00	22,823.07
6303 - S.W. Bothwick	780.00	0.00	0.00	780.00
6304 - James L. Cox emp	53,625.00	0.00	0.00	53,625.00
6305 - Elisha Gurfein	100,000.95	0.00	0.00	100,000.95
6306 - D.B. Karron	334,004.12	0.00	0.00	334,004.12
6307 - Charles La Salla	23,685.00	0.00	0.00	23,685.00
6308 - Regner M. Peralta	5,047.50	0.00	0.00	5,047.50
6309 - Peter Ross	11,354.00	0.00	0.00	11,354.00
6310 - Matthew Rothman	33,817.50	0.00	0.00	43,417.50
6311 - Robert G. Wine	3,520.00	0.00	0.00	3,520.00
6314 - Nicholee A. Wynter	15,221.25	0.00	0.00	15,221.25

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CASI ENTITIES
KA-891 Profit & Loss by Class
October 2001 through December 2003

	NIST ATP	NN CO FUNDING	RENT	TOTAL
Total 6300 · Payroll Expenses	609,428.39	0.00	0.00	619,028.39
6315 · Payroll Processing	295.60	0.00	0.00	295.60
6330 · Research and Development				
6331 · American Advanced Power	215.00	0.00	0.00	215.00
6332 · American Media Systems	1,180.09	0.00	0.00	1,245.09
6333 · Denver Air Support	295.00	0.00	0.00	295.00
6334 · E MAG	2,850.00	0.00	0.00	2,850.00
6335 · frozencpu.com	845.83	0.00	0.00	845.83
6337 · General Computer	107,608.14	0.00	0.00	114,433.14
6338 · Pacific Data Storage	1,429.00	0.00	0.00	1,429.00
6339 · Ricoh	9,019.57	0.00	0.00	9,019.57
6340 · Server Technology	6,895.55	0.00	0.00	6,895.55
6341 · SGI Developers	295.00	0.00	0.00	295.00
6342 · Silicon City	120,614.77	0.00	0.00	134,061.39
6343 · Silicon Graphics	78,093.54	0.00	0.00	78,093.54
6344 · Vision Shape	6,643.25	0.00	0.00	6,643.25
6345 · YC Cable	210.00	0.00	0.00	210.00
6346 · In Kind Computer Equipment	0.00	30,000.00	0.00	30,000.00
6330 · Research and Development - Other	2,639.48	0.00	0.00	2,768.47
Total 6330 · Research and Development	338,834.22	30,000.00	0.00	389,299.83
6349 · Stationery	1,976.92	0.00	0.00	2,877.94
6350 · Payroll Taxes				
6351 · FICA	31,773.62	0.00	0.00	32,798.26
6352 · Medicare	9,157.95	0.00	0.00	8,966.92
6353 · FUTA	1,065.77	0.00	0.00	1,065.77
6354 · NYSUI	3,199.21	0.00	0.00	3,199.21
6356 · NJ Disability	404.70	0.00	0.00	404.70
6357 · NJ UI	1,024.80	0.00	0.00	1,024.80
6358 · NC SUI	107.72	0.00	0.00	107.72
6359 · Penalties and Late Fees	192.35	0.00	0.00	192.35
Total 6350 · Payroll Taxes	46,926.12	0.00	0.00	47,759.73
6360 · Taxes				
6361 · NY Corporation Tax	0.00	0.00	0.00	800.00
Total 6360 · Taxes	0.00	0.00	0.00	800.00
6370 · Travel				
6371 · Airfare	1,210.00	0.00	0.00	1,720.50
6372 · Hotel	1,290.31	0.00	0.00	3,489.51
6373 · Meals	3,689.70	0.00	0.00	8,922.46
6374 · Misc Travel	224.93	0.00	0.00	224.93
6375 · Taxi	1,166.25	0.00	0.00	2,271.67
6376 · Train	142.15	0.00	0.00	189.90
6377 · Transit Check	1,453.52	0.00	0.00	1,453.52
6370 · Travel - Other	431.40	0.00	0.00	431.40

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Accrual Basis

CASI ENTITIES
Profit & Loss by Class
October 2001 through December 2003

N L L C N
NIST ATP 1 23 409
NN 331 602
55 610
1,410,619

	NIST ATP	NN CO FUNDING	RENT	TOTAL
Total 6370 - Travel	9,608.26	0.00	0.00	18,703.89
6379 - Tuition Reimbursement	3,238.20	0.00	0.00	3,238.20
6380 - Utilities	6,463.40	0.00	0.00	21,604.06
Total Expense	1,331,602.08	55,610.00	83,000.00	1,725,950.79
Net Ordinary Income	17,105.43	37,393.83	-83,000.00	-201,686.49
Other Income/Expense				
Other Income				
6391 - Deposits to Bank ???	45.64	0.00	0.00	45.64
Total Other Income	45.64	0.00	0.00	45.64
Other Expense				
6500 - Payroll Clearing Account				
6504 - Debits Net Payroll Clearing Acc	255,654.72	0.00	0.00	264,914.34
6516 - Credits Net Payroll Clearing Ac	-264,914.34	0.00	0.00	-318,461.51
Total 6500 - Payroll Clearing Account	-9,259.62	0.00	0.00	-53,547.17
7000 - Bank Transfer				
7001 - CASI Co-funding Rec'd by NIST	-35,300.00	0.00	0.00	-80,300.00
7002 - CASI Co-Funding to NIST ATP	0.00	0.00	0.00	80,300.00
7004 - CASI Co-Funding via Propay	0.00	0.00	0.00	53,547.17
7005 - From 8735 to INC IN	0.00	0.00	0.00	-95,576.00
7006 - From 8735 TO INC OUT	95,576.00	0.00	0.00	95,576.00
7007 - FROM ATP TO LLC IN	0.00	0.00	0.00	-91,663.91
7008 - FROM ATP TO LLC OUT	91,663.91	0.00	0.00	91,663.91
7009 - FROM INC TO 8735 IN	-60,000.00	0.00	0.00	-60,000.00
7010 - FROM INC TO 8735 OUT	0.00	0.00	0.00	60,000.00
7011 - FROM INC TO LLC IN	0.00	0.00	0.00	-521.53
7012 - FROM INC TO LLC OUT	0.00	0.00	0.00	521.53
7013 - FROM LLC TO 8735 IN	-15,800.00	0.00	0.00	-15,800.00
7014 - FROM LLC TO 8735 OUT	0.00	0.00	0.00	15,800.00
7015 - FROM LLC TO NIST LLC IN	0.00	0.00	0.00	-1,000.00
7016 - FROM LLC TO NIST LLC OUT	0.00	0.00	0.00	1,000.00
7017 - FROM N LLC N TO LLC IN	0.00	0.00	0.00	-16,500.00
7018 - FROM N LLC N TO LLC OUT	0.00	0.00	0.00	16,500.00
7019 - FROM NIST LLC IN	0.00	0.00	0.00	-8,614.00
7020 - FROM NIST LLC OUT	0.00	0.00	0.00	8,614.00
Total 7000 - Bank Transfer	76,139.91	0.00	0.00	53,547.17
Total Other Expense	66,880.29	0.00	0.00	0.00
Net Other Income	-66,834.65	0.00	0.00	45.64
Net Income	-49,729.22	37,393.83	-83,000.00	-201,640.85

BAC 234

KA-893

KA-893

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To & From DB Karron

G/L A/C's 1900 & 2900

BAC 291 to BAC 300

KA-894

KA-894

KA-894

Cash Accounts ~~WAC~~ 291

G/L A/C 1000 Computer Aided Surgery Inc.

Chase A/C 131-0682996-65

CASI INC

G/L A/C 1010 Computer Aided Surgery Inc.

Chase A/C 131-0758735-65

NIST ATP

G/L A/C 1020 Computer Aided Surgery Informatics

Chase A/C 131-0771331-65

CASI LLC

G/L A/C 1030 Computer Aided Surgery Informatics

Chase A/C 131-0771331-66

LLC NIST

THERE ARE 4 (FOUR) CASI BANK ACCOUNTS.

The detail is ~~WAC~~ 401 to ~~WAC~~ 541

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BAC 291

Checks Issued to DB Karron		10/1/2001 Opening Balance	Checks Issued to DB Karron	Checks Reclassified Rent Expense	Checks Reclassified in lieu of Net Salary Checks	12/31/2003 Ending Balance
G/L A/C	1900 Due from DBK					
G/L A/C	1901 DBK 2000 Rent	1,000.00	24,000.00	(24,000.00)		1,000.00
G/L A/C	1902 DBK 2001 Draw		76,100.00	(1,000.00)	(67,334.19)	7,765.81
G/L A/C	1903 DBK 2001 Rent		20,000.00	(20,000.00)		0.00
G/L A/C	1904 DBK 2002		6,530.38			6,530.38
G/L A/C	1905 DBK 2002 Draw		53,000.00			53,000.00
G/L A/C	1906 DBK 2002 Rent		14,000.00	(14,000.00)		0.00
G/L A/C	1907 DBK 2003		33,206.18	(24,000.00)		9,206.18
G/L A/C	1908 Hayes Errors		6,658.86		(20,337.42)	(13,678.56)
Totals Down		1,000.00	233,495.42	(83,000.00)	(87,671.61)	63,823.81
Total Credits					(170,671.61)	

BAC BAC 292

CAC 293

CAC 294

CAC 294

CAC 294

CASI ENTITIES
KA-896 Account
As of December 31, 2003

Type	Date	Num	Name	Memo	Class	Debit	Credit	Balance
1900 - Due from DBK								
1901 - DBK 2000 Rent								
Check	10/26/2001	2977	Dr. D.B. Karron	Jan 2000 1901	INC	2,000.00		1,000.00
Check	10/26/2001	2978	Dr. D.B. Karron	Feb 2000 1901	INC	2,000.00		0.00
Check	10/26/2001	2979	Dr. D.B. Karron	March 2000 1901	INC	2,000.00		2,000.00
Check	10/26/2001	2980	Dr. D.B. Karron	April 2000 1901	INC	2,000.00		4,000.00
Check	10/26/2001	2981	Dr. D.B. Karron	May 2000 1901	INC	2,000.00		6,000.00
Check	10/26/2001	2982	Dr. D.B. Karron	June 2000 1901	INC	2,000.00		8,000.00
Check	10/26/2001	2983	Dr. D.B. Karron	July 2000 1901	INC	2,000.00		10,000.00
Check	10/26/2001	2984	Dr. D.B. Karron	August 2000 1901	INC	2,000.00		12,000.00
Check	10/26/2001	2985	Dr. D.B. Karron	Sept 2000 1901	INC	2,000.00		14,000.00
Check	11/8/2001	3040	Dr. D.B. Karron	Oct 2000 1901	INC	2,000.00		16,000.00
Check	11/8/2001	3064	Dr. D.B. Karron	Nov 2000 1901	INC	2,000.00		18,000.00
General Journal	12/31/2001	INC DEC2001		inc 6/01-12/01 rent per 1040 T/r	RENT		14,000.00	20,000.00
General Journal	12/31/2001	INC DEC2001		DBK 2001 Rent Rec'd Per Hayes Yr 2000	RENT		8,000.00	22,000.00
Check	3/1/2002	3142	Dr. D.B. Karron	Dec 2000 1901	INC	2,000.00		0.00
General Journal	12/31/2002	LLCDEC2002		Add Rent Rec'd in 2002	RENT		2,000.00	0.00
Total 1901 - DBK 2000 Rent						24,000.00	24,000.00	0.00
1902 - DBK 2001 Draw								
Check	10/14/2001	2953	Dr. D.B. Karron	Draw 2001 1902	INC	300.00		1,000.00
Check	10/26/2001	2961	Dr. D.B. Karron	Draw 2001 1902	INC	300.00		1,300.00
Check	10/26/2001	2962	Dr. D.B. Karron	Draw 2001 1902	INC	75,000.00		1,600.00
Check	12/21/2001	3103	Dr. D.B. Karron	Draw 2001 1902	INC	500.00		76,600.00
General Journal	12/31/2001	INC DEC2001		#2907 in Hayes Rent per 1040 T/R	RENT		1,000.00	77,100.00
General Journal	8/2/2002	PR 080202		VIA PR ENTRY AUG 2002 1902	NIST ATP		30,000.00	78,100.00
General Journal	9/30/2002	dbk pr		AC 1902	NIST ATP		22,406.08	46,100.00
General Journal	9/30/2002	dbk pr		AC 1902	NIST ATP		14,928.11	23,693.92
Total 1902 - DBK 2001 Draw						76,100.00	68,334.19	8,765.81
1903 - DBK 2001 Rent								
Check	12/6/2001	3093	Dr. D.B. Karron	March 2001 1903	INC	2,000.00		0.00
Check	12/6/2001	3094	Dr. D.B. Karron	April 2001 1903	INC	2,000.00		2,000.00
Check	12/19/2001	3100	Dr. D.B. Karron	Dec 2001 1903	INC	2,000.00		4,000.00
Check	12/28/2001	3107	Dr. D.B. Karron	May 2001 1903	INC	2,000.00		6,000.00
Check	12/28/2001	3108	Dr. D.B. Karron	June 2001 1903	INC	2,000.00		8,000.00
General Journal	12/31/2001	INC DEC2001		Add Rent Paid in 2001 need to amend	RENT		10,000.00	10,000.00
Check	1/9/2002	3115	Dr. D.B. Karron	July 2001 1903	INC	2,000.00		0.00
Check	1/9/2002	3116	Dr. D.B. Karron	Aug 2001 1903	INC	2,000.00		2,000.00
Check	1/9/2002	3117	Dr. D.B. Karron	Sep 2001 1903	INC	2,000.00		4,000.00
Check	2/4/2002	3129	Dr. D.B. Karron	Oct 2001 1903	INC	2,000.00		6,000.00
Check	2/4/2002	3131	Dr. D.B. Karron	Nov 2001 1903	INC	2,000.00		8,000.00
General Journal	8/31/2002	INCAUG2002		inc 6/02-8/02 rent	RENT		6,000.00	10,000.00
General Journal	12/31/2002	LLCDEC2002		LLC 9/02-12/02 RENT	RENT		4,000.00	4,000.00
Total 1903 - DBK 2001 Rent						20,000.00	20,000.00	0.00
1904 - DBK 2002								
Check	2/4/2002	3132	Dr. D.B. Karron	question AC 1904	INC	2,000.00		0.00
Check	11/15/2002	10614	Dr. D.B. Karron	AC 1904	NIST ATP	4,530.38		2,000.00
Total 1904 - DBK 2002						6,530.38	0.00	6,530.38
1905 - DBK 2002 Draw								
Check	3/1/2002	3144	Dr. D.B. Karron	Draw 2002 1905	INC	1,000.00		0.00
Check	3/1/2002	3145	Dr. D.B. Karron	Draw 2002 1905	INC	5,000.00		1,000.00
Check	3/5/2002	3151	Dr. D.B. Karron	Draw 2002 1905	INC	5,000.00		6,000.00
Check	3/12/2002	3153	Dr. D.B. Karron	Draw 2002 1905	INC	4,000.00		11,000.00
								15,000.00

OPENING Balance

Net Salary

BAK Dec 293

CASI ENTITIES
Transactions by Account
As of December 31, 2003

Type	Date	Num	Name	Memo	Class	Debit	Credit	Balance
Check	3/22/2002	3155	Dr. D.B. Karron	Draw 2002 1905	INC	2,000.00		17,000.00
Check	3/29/2002	3160	Dr. D.B. Karron	Draw 2002 1905	INC	13,000.00		30,000.00
Check	5/24/2002	3184	Dr. D.B. Karron	Draw 2002 1905	INC	2,000.00		32,000.00
Check	6/25/2002	3193	Dr. D.B. Karron	1905	INC	1,000.00		33,000.00
Check	9/12/2002	10451	Dr. D.B. Karron	1905	NIST ATP	15,000.00		48,000.00
Check	9/25/2002	10473	Dr. D.B. Karron	1905	NIST ATP	5,000.00		53,000.00
Total 1905 - DBK 2002 Draw						53,000.00	0.00	53,000.00
1906 - DBK 2002 Rent								0.00
Check	1/10/2002	3122	Dr. D.B. Karron	Jan 2002 1906	INC	2,000.00		2,000.00
Check	3/1/2002	3143	Dr. D.B. Karron	March 2002 1906	INC	2,000.00		4,000.00
Check	3/29/2002	3164	Dr. D.B. Karron	April 2002 1906	INC	2,000.00		6,000.00
Check	5/1/2002	3175	Dr. D.B. Karron	May 2002 1906	INC	2,000.00		8,000.00
General Journal	5/31/2002	INC MAY 2002		inc 01/02-5/02 rent	RENT		10,000.00	-2,000.00
Check	6/2/2002	3185	Dr. D.B. Karron	1906	INC	2,000.00		0.00
Check	9/12/2002	3199	Dr. D.B. Karron	1906	INC	2,000.00		2,000.00
Check	9/12/2002	3200	Dr. D.B. Karron	1906	INC	2,000.00		4,000.00
General Journal	12/31/2002	RENT 2002		RENT FOR 2002	RENT		2,000.00	2,000.00
General Journal	12/31/2002	LLC DEC 2002		Addl Rent Rec'd in 2002	RENT		2,000.00	0.00
Total 1906 - DBK 2002 Rent						14,000.00	14,000.00	0.00
1907 - DBK 2003								0.00
Check	1/28/2003	10770	Dr. D.B. Karron	AC 1907	NIST ATP	2,325.41		2,325.41
General Journal	2/7/2003	AE 020703		AE P.J.'S SURFRIDER	NIST ATP	23.68		2,349.09
Check	2/12/2003	10792	Dr. D.B. Karron	AC 1907	NIST ATP	758.59		3,107.68
Check	3/9/2003	10845	Dr. D.B. Karron	AC 1907	NIST ATP	3,027.24		6,134.92
General Journal	3/31/2003	LLCMAR2003		LLC 01/03-03/03 RENT	RENT		6,000.00	134.92
Check	4/16/2003	10887	Dr. D.B. Karron	AC 1907	NIST ATP	4,640.10		4,775.02
General Journal	4/30/2003	LLCAPR2003		LLC 04/03-04/03 RENT	RENT		2,000.00	2,775.02
Check	7/7/2003	00010	DB Karron	INV 170 1907	N LLC N	4,107.11		6,882.13
Check	9/26/2003	3565	DB Karron	AC 1907	LLC	2,968.00		9,850.13
Check	10/22/2003	LND 1001	DB Karron	AC 1907	N LLC N	11,349.68		21,199.81
Check	11/11/2003	3581	DB Karron	AC 1907	LLC	4,006.37		25,206.18
General Journal	11/30/2003	LLCNOV2003		LLC 05/03-11/03 RENT	RENT		14,000.00	11,206.18
General Journal	11/30/2003	LLCNOV2003		LLC DEC 2003 RENT	RENT		2,000.00	9,206.18
Total 1907 - DBK 2003						33,206.18	24,000.00	9,206.18
1908 - Hayes Errors								0.00
General Journal	7/6/2002	prt adj		to fix hayes error	AJE		4,790.02	-4,790.02
General Journal	7/6/2002	prt adj		to fix hayes error	AJE		765.24	-5,555.26
General Journal	8/3/2002	prt adj		to fix hayes error	AJE		138.66	-5,693.92
General Journal	9/28/2002	fica adj		new entity max fica dbk	AJE	3,838.92		-1,855.00
General Journal	9/29/2002	941 SEP 02		rcis dbk to charge difference to Hayes	AJE		6,320.74	-8,175.74
General Journal	12/29/2002	lowerdbk		rcis dbk	AJE		3,965.06	-12,140.80
General Journal	12/31/2002	fica adj		fica new entity adj	AJE	1,397.88		-10,742.92
General Journal	12/31/2002	lowerdbk			AJE	1,161.26		-9,581.66
General Journal	12/31/2002	lowerdbk		941 Refund	AJE		3,959.10	-13,540.76
General Journal	1/10/2003	PR 011003		no fica wh 1/10/03 pr dbk	AJE	260.79		-13,279.97
General Journal	1/10/2003	PR 011003		adjust 1/10/03	AJE	0.01		-13,279.96
General Journal	3/31/2003	adj 033103		rcis dbk	AJE		398.60	-13,678.56
Total 1908 - Hayes Errors						6,658.86	20,337.42	-13,678.56
Total 1900 - Due from DBK						233,495.42	170,671.61	63,823.81
TOTAL						233,495.42	170,671.61	63,823.81

3/29/03
DBK 294

Rent 83,000
to Net Salary 67,334.19
Hayes Errors 20,337.42
170,671.61 written to DBK Karron
Checks Reclassified to Rent + Salary

KA-898

KA-898

KA-898

Co-Funding by DB Karron

Personal checks were deposited into the corporate checking accounts.

G/L A/C 2910

G/L A/C 4709, 4711, 4712

Personal checks were used to pay corporate expenses.

G/L A/C 2911

G/L A/C 4912

Personal cash was advanced for out of pocket expenses like taxis.

G/L A/C 2913

Mastercard was used to pay both business and personal expenses.

These expenses were segregated properly

G/L A/C 2914

Loans and advances to DB Karron are A/C 1900.

Monies loaned to corporation from DB Karron are A/C 2900

When grant started the corporation owed DB Karron

\$ 89,531.00 G/L A/C 2901.

Small businesses are notorious for back and forth activity from their personal and business accounts and credit cards.

Co-Funding by DB Karron

BAC ~~QAR~~ 295

Monies loaned to Corp from DB Karron												
			10/1/2001 Opening Balance	Computer Equipment In Kind Co Funding	Co Funding Debit	Personal Expenses on Mastercard	Total Amounts Charged on Mastercard	Monies Monies Advanced via Out of Pocket	Computer Equipment In Kind Co Funding	Personal Checks Paid for Business Expenses	Checks Deposited to Bank Accounts	12/31/2003 Ending Balance
G/L A/C	2900 Payable to DBK											
G/L A/C	2901 5/31/01 Payable to DBK	Opening	(89,531.00)									
G/L A/C	2901 5/31/01 Payable to DBK	Year 1		30,000.00					(30,000.00)			(89,531.00)
G/L A/C	2910 FROM DBK TO INC A/C 1000	Opening	(8,000.00)									
	2910 FROM DBK TO INC A/C 1000	Year 1									(29,000.00)	
G/L A/C	2910 FROM DBK TO INC A/C 1000	Year 2									(21,500.00)	(58,500.00)
G/L A/C	2911 FROM DBK for LLC Post Grant	Opening										
G/L A/C	2911 FROM DBK for LLC Post Grant	Year 2								(15,552.00)		(15,552.00)
G/L A/C	2913 FROM DBK - OUT OF POCKET	Opening	(156.87)					(1,465.82)				
	2913 FROM DBK - OUT OF POCKET	Year 1			1,465.82							
	2913 FROM DBK - OUT OF POCKET	Year 2			2,334.00			(3,736.64)				(1,559.51)
G/L A/C	2914 MC 5263-2710-1928-1872	Opening	(5,207.01)									
	2914 MC 5263-2710-1928-1872	Year 1			25,735.95	16,368.71	(47,960.81)					
	2914 MC 5263-2710-1928-1872	Year 2			10,286.16	23,812.69	(42,153.68)					(19,117.99)
Totals Down			(102,894.88)	30,000.00	39,821.93	40,181.40	(90,114.49)	(5,202.46)	(30,000.00)	(15,552.00)	(50,500.00)	(184,260.50)
Total Debits				110,003.33								Per G/L
Total Credits											(191,368.95)	A/C 2900
			10/1/2001 Opening Balance	Computer Equipment In Kind Co Funding	Co Funding Debit	Personal Expenses on Mastercard	Total Amounts Charged on Mastercard	Monies Advanced via Out of Pocket	Computer Equipment In Kind Co Funding	Personal Checks Paid for Business Expenses	Checks Deposited to Bank Accounts	12/31/2003 Ending Balance
Monies loaned to Corp from DB Karron												

CAC 297

CAC 299

CAC 299

CAC 299

BAK Dec 296